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IN THE YEARS

1917-1918

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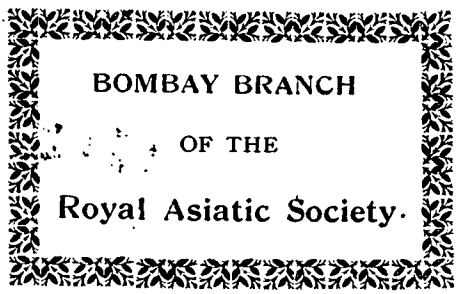

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INDIA
IN THE YEARS
1917—1918

A Report prepared for presentation to Parliament in accordance with the requirements of the 26th Section of the Government of India Act (5 & 6 Geo. V., Chap. 61)

BY

L. F. RUSHBROOK WILLIAMS

Fellow of All Souls ;
Officer on Special Duty in the Home Department
Government of India

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FOREWORD.

IN this Report an attempt is made to outline some of the more important problems, political, social, and economic, which confront the Administration of India, as well as some of the methods by which these problems are being attacked. The period under review extends from April 1917 to December 1918, the months falling between the end of the financial year (March 31st) and the end of the calendar year (December 31st) having been included with the object of minimising the interval which necessarily elapses between the latest occurrences described in a Report and the date upon which that Report becomes available to the public.

Alike in the spheres of foreign politics, of constitutional reform, and of economic development, this period has been full of interest. It has seen the last desperate effort of the Central Powers: the threatened approach of the war to the borders of India: the rally of the country's resources to the Prime Minister's call. It has witnessed much constitutional activity, both preceding and following the declaration of August 20th, perhaps the most momentous announcement of policy ever made by Great Britain to India. It has seen considerable industrial and commercial activity, side by side with rising prices entailing distress to the poorer classes. Both on account of the magnitude of the changes which it has witnessed, and the importance of the events by which it has been characterised, it will probably rank among the most notable years in the history of the connection between Great Britain and India.

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India in the years 1917-18

CHAPTER I.

India and the War.

The course of affairs in India during the years 1917 and 1918 has been so far governed by the world-conflict that it might well seem more appropriate to entitle this whole Report, rather than one single chapter of it, "India and the War." For this very reason any account of India during the period under review must be prefaced by an estimate of two principal factors which have dominated that period—what India has done for the war, and what the war has done for India. In the case of the first, it is possible to achieve something like precision. We are here dealing largely with men, munitions, money and like things admitting of exact measurement. But in the case of the second, any estimate of the kind here attempted must be provisional. Not until years have passed, will it be possible to determine with completeness the effect exerted by the war upon India either in the moral or in the material sphere. At present, we are too close to the canvas to do more than speculate upon the outlines which the picture will ultimately assume.

What India has done for the war.

No review of India's war effort is possible without some account of the difficulties under which that effort was made. In other parts of the Empire, it is not always realised with sufficient clearness that at the outbreak of the world struggle, India was most inadequately equipped for the part she was ultimately compelled to play therein. Only a very short time before the war, it had been officially determined by

Great Britain that the standard of the Indian military establishment was to be that required for the defence of India's own frontiers. In consequence all the equipment, all the transport, all the supplies were based upon that standard. Yet in the course of the struggle India was obliged to undertake the task not merely of safeguarding her frontiers but also of rendering assistance to the Empire in half a dozen theatres of war widely remote from them. This is not the place to recount in detail the services rendered by Indian troops in France, in East Africa, in Palestine, in Mesopotamia, in Salonica, in Aden and the Persian Gulf; but some idea of the strain suddenly placed upon the Indian military machine may be gathered from the fact that by the end of the second year of the war, nearly 80,000 British officers and men, and 210,000 Indian officers and men, all fully trained and equipped, had been despatched overseas.

Her early efforts.

From the very first day, it was the policy of the Government of India to give readily to the Home Government of everything it possessed, whether troops or war materials. August 1914 found the Indian Army at war strength, the magazines full, and the equipment complete to the prescribed standard. Every effort was made to meet the increasing demands of the War Office in the way of materials; and, in Lord Hardinge's phrase, India was bled "absolutely white." At first there was no question of an expedition to Mesopotamia. The Government of India's sole pre-occupation was to make every possible sacrifice in order to secure a successful prosecution of the war in France. After the starting of operations in Mesopotamia, India's own needs became pressing, and the results of her previous sacrifices were severely felt.

Her Difficulties.

Some of her best troops had been taken; there had been a heavy drain on all supplies. At the same time, there was a shortage of sea-transport, and essential munitions from England were in large measure cut off. As a natural result, the Indian military machine showed signs of breaking down under the strain. The Report of the Mesopotamia Commission proved how inadequate was the "frontier war" standard in face of the crushing burden placed upon it by unforeseen circumstances.

But by the time that Report was published, the Indian Headquarters Staff had been strengthened, the military machine had adapted itself to the new situation, and as a result of the brilliant campaign of Sir Stanley Maude, Baghdad was captured and a series of heavy defeats were inflicted upon the Turks. It must also be remembered that in addition to her war services to the Empire at large, India has been compelled to undertake measures for the defence of her own borders,—a function previously regarded as the be-all and end-all of her military system. As a matter of fact this task has constituted only a fraction of the war-burden which she has sustained, though by itself it has been sufficient to cause her anxiety. Briefly the situation may be described thus. In maintaining the peace of the North-West Frontier Government has been assisted by the friendly neutrality of Afghanistan. In the year 1918, when German machinations arising out of the collapse of Russia seemed to threaten the very gates of India, the attitude of His Majesty the Amir was designated by Lord Chelmsford as the brightest spot in an otherwise gloomy picture. There seemed at that time reason to fear that Germany would succeed in stirring up trouble through the avenues of Russian Turkistan and Persia. The maintenance of the *status quo* in Persia was a matter of vital importance. The government of the country had shown itself powerless to resist attack or to maintain order, and enemy forces, in violation of Persian neutrality, occupied various strategic points. We therefore came to Persia's assistance and at the same time safeguarded the approaches to India by establishing cordons along Western and Eastern Persia, by extending the Nushki railway to the Persian frontier, and by temporarily occupying Baku in order to block the enemy line of advance along the Trans-Caucasian and Trans-Caspian Railways. As may well be imagined, the management of these affairs caused no small anxiety and expenditure to the Government of India. To this some reference is made elsewhere, but it is to be noticed that during

Reorganization.

Frontier Affairs.

Persia.

Unruly Tribesmen.

the years 1917 and 1918, the situation was not eased by disturbances upon the North-West and to a lesser extent upon the North-East Frontier. The troubles in the latter region were comparatively insignificant. The opposition of some of the Kuki Chiefs to recruiting developed into armed rebellion calling for combined action on the part of the local Governments of Burma and Assam. On the North-West Frontier, however, matters were more serious. As was mentioned in the Report on the Administration of India for the year 1916-17, the period at present under review opened with trouble between ourselves and the Mahsud tribe. In March 1917, raiding gangs of Mahsuds from over the border made a strong demonstration against the fort at Sarwakai. Exaggerated rumours as to the difficulties of the British Government, and as to the successes of the Central Powers, led to a hostile combination of the younger and more adventurous tribesmen. Mahsud attacks on posts and convoys necessitated the despatch of an expeditionary force. The Waziristan Field Force, as it was called, concentrated at Jandola in June 1917, and advanced into the Mahsud country, meeting with little resistance from the tribesmen, who, believing that there were no troops available, were taken by surprise. The operations were admirably managed, and once more the new arm, the air-service, proved its great moral value. On July 2nd 1917, the Mahsuds sued for peace and in August accepted the terms dictated to them. These terms included the surrender of Government rifles which had fallen into their hands during previous engagements, the acceptance of which stipulation is recognised by those who know the frontier as convincing evidence of genuine, if probably temporary, penitence. The Mohmands, who have been spasmodically restless, were still under a very strong blockade in the spring of 1917. In May 1917 they were compelled to sue for terms, and these terms, though severe, were entirely accepted in July. Throughout the remainder of the period under review the North-West Frontier remained quiet. There was indeed a certain amount of trouble in the interior of Baluchistan, where the ignorant Mari tribesmen,

The Mahsuds.

The Mohmands.

deeply affected by rumours of German victories and British defeats, were seized by an unfounded suspicion that they were about to be recruited by force. In the beginning of 1918 they made a sudden attack on the levy post at Gumbaz and were only beaten off after severe fighting. In March 1918 a punitive force was despatched against them, with the result that in April, the unconditional submission of the whole tribe was received. The peace of the frontier withstood a severe strain in the critical months of the spring of 1918, when rumours were rife of the approach through Afghanistan of large German and Turkish armies. So far from causing trouble, these rumours seem to have led the inhabitants of frontier districts to display increased loyalty to Government,—a feeling which found expression in renewed efforts at recruiting, and in increased subscriptions to the War Loan.

The Maris.

It is thus plain that in taking her share in the war, India has had to meet and overcome certain very serious disadvantages.—inadequate equipment, threatened invasion, untranquil borders. All these she has successfully surmounted, and despite them, has rendered invaluable services to the Empire at large. It will be convenient to consider these services under the general headings of men, of money, and of munitions.

The efforts made by India in the war of man-power have greatly surpassed all expectations. At the outbreak of the war, there were some 80,000 British officers and men in India, and some 230,000 Indian ranks, combatants and non-combatants. During the war, the Government of India recruited on a voluntary basis over 800,000 combatants, and more than 400,000 non-combatants, giving a grand total of about 1·3 million men*. Prior to the war the normal recruitment of combatants for the Indian Army was about 15,000 men a year. In the year ending May 1917, thanks to the efforts of the Administration, this figure had risen to 121,000, and in the year ending May 1918, to over 300,000.

India's Effort in Man-Power.

* Figures supplied by Army Headquarters, India.

But in the early part of the year 1918, the military situation underwent a change entailing important consequences for India, the result being an immense stimulus to her war efforts in every direction. The collapse of Russia towards the end of 1917 had thrown on the Allies an additional burden; but the situation became infinitely more dangerous after the Brest Litovsk treaty, when Germany exploited the Bolshevik Government in Russia with the object of carrying the war into the East. The Central Powers were at this time making a great effort to embarrass the Empire in Asia, hoping to prevent the withdrawal of troops from that quarter for the reinforcement of the British armies assembled on the Western Front. German troops overran and occupied a large part of Southern Russia, crossed the Black Sea to Batum and into the Caucasus, while Turkish troops invaded Persia. Some of the steps taken by Government to meet the Persian situation have already been described; but as no information was available at the time, popular opinion in India failed to realise the imminence of the peril. On April 2nd, 1918, the Prime Minister addressed to the Viceroy of India a telegram, the salient portion of which was as follows :—

The German Menace.

The Prime Minister's Telegram.

> "At this time, when the intention of the rulers of Germany to establish a tyranny, not only over all Europe but over Asia as well, has become transparently clear, I wish to ask the Government and people of India to redouble their efforts. Thanks to the heroic efforts of the British armies, assisted by their Allies, the attempt of the enemy in the west is being checked, but if we are to prevent the menace spreading to the East and gradually engulfing the world, every lover of freedom and law must play his part. I have no doubt that India will add to the laurels it has already won, and will equip itself on an even greater scale than at present to be the bulwark which will save Asia from the tide of oppression and disorder which it is the object of the enemy to achieve."

The Viceroy, on behalf of all India, replied on April 5th as follows :—

Lord Chelmsford's Reply.

"Your message comes at a time when all India is stirred to the depths by the noble sacrifices now being made by the British people in the cause of the world's freedom and by the stern unalterable resolution which those sacrifices evince. India, anxious yet confident, realises to the full the great issues at stake in this desperate conflict, and your trumpet call at this crisis will not fall upon deaf ears. I feel confident that it will awaken the princes and the peoples' leaders to a keener sense of the grave danger which, stemmed in Europe, now threatens to move eastwards. I shall look to them for the fullest effort and the fullest sacrifice to safeguard the soil of their mother-land against all attempts of a cruel and unscrupulous enemy, and to secure the final triumph of those ideals of justice and honour for which the British Empire stands."

Proceedings of the Delhi War Conference.

In order to secure the rally of all India's resources to the Empire's assistance, a War Conference was held at Delhi from April 27th to 29th, 1918. Certain Ruling Chiefs were asked to attend, as well as all the non-official members of the Imperial Legislative Council. The Central Government also invited the Provincial Governments to send delegates of all shades of opinion. The object of the Conference was to invite the co-operation of all classes, first, in sinking domestic dissensions and in bringing about a cessation of political propaganda during the present crisis; secondly, in concerting measures for the successful prosecution of the war, with special reference to man-power and the development of Indian resources; and thirdly, in cheerfully bearing the sacrifices demanded for the achievement of victory.

The Conference* was opened by the Viceroy in a speech explaining the menace of which the Prime Minister had spoken.

* The proceedings of the Delhi Conference are described in a special Report.

He pointed out how Germany had already thrown into Central Asia her pioneers of intrigue and her agents of disintegration; how the collapse of Russia into anarchy had opened a door for Germany leading up to the very confines of India. He then briefly referred to the salient features of the political situation on the North-West Frontier :—

"In the north, there is a bulwark against German intrigue and German machinations. I refer to our staunch friend and ally, His Majesty the Amir of Afghanistan. As you are aware, at the outbreak of the war, His Majesty gave his Royal word that, so long as the independence and integrity of his kingdom were not threatened, he would maintain neutrality. He has kept his Royal word unswervingly, in spite of every attempt of our enemies to seduce him from his purpose, and to embarrass his position, and I do not believe that in the history of this country, the relations between any Amir of Afghanistan and any Viceroy of India have been more cordial or mutually confident than they are to-day. But in Afghanistan, as in India, there are many ignorant people, credulous people, fanatical people, such as at a time of world excitement may be carried away by any wind of vain doctrine. Such persons may at any moment become a serious embarrassment to wise and level-headed statesmanship. One of our first thoughts therefore at this time must be how we can best assist the Amir of Afghanistan, who has in the interests of his country which he loves, and in accordance with the pledges which he has given, kept his ship on a straight course of neutrality between the reefs that have so often surrounded him. We can, I believe, best do so by showing our enemies first that India stands solid as rock and that the lambent flame of anarchical intrigue will find nothing inflammable in this country—nay rather, will be smothered and extinguished forthwith should it approach by the dead weight of our unity of purpose;

second, that should ever our enemy have the hardihood to bring force in the direction of our borders, we are ready with munitions and men to fulfil our obligations to the Amir of Afghanistan by assisting him in repelling foreign aggression and further to guard our own with the whole man-power and resources of India ready behind us."

At the conclusion of his speech, the Viceroy read to the conference a gracious message from His Majesty, the King-Emperor, which contained the following passage :—

His Majesty's Message.

"Great as has been India's contribution to the common cause of the Allies, it is by no means the full measure of her resources and strength. I rejoice to know that their development and the fuller utilisation of her man-power will be the first care of the Conference. The need of the Empire is India's opportunity, and I am confident that, under the sure guidance of my Viceroy, her people will not fail in their endeavours."

The response of the Conference was immediate. The lead given by the English officials was heartily followed by the English and Indian non-officials. Committees were appointed on man-power and on resources, which made recommendations with the object of furnishing increased provisions of men, munitions and money. The provision of men had already been taken in hand by the Central Recruiting Board, constituted in June 1917, the activities of which were now redoubled. A similar organisation for the provision of munitions was already in existence in the shape of the Munitions Board, under whose care the resources of India were developed and materialised with a rapidity never before reached. Special Boards were set up to achieve particular purposes. The Central Publicity Board undertook active propaganda for the information of the public, which was executed through the medium of Provincial Boards and the agency of the Press of India. The Central Communications Board, to which reference is made elsewhere, was constituted to co-ordinate

the working of the railways. The Central Food Stuffs and Transport Board was designed to facilitate the equitable distribution of supplies. The Central Employment and Labour Board aimed at furnishing Government with the necessary labour, and at utilising the many offers of voluntary service which poured in.*

Increased Efforts.

The impetus which the Delhi Conference, and the organisations set up in consequence of it, gave to the war effort of India, was very remarkable. In man-power, in particular, the results surpassed all expectations. As a result of the Conference, India undertook to contribute half a million combatant recruits during the twelve months commencing on June 1st 1918. Doubts were expressed in some quarters regarding the possibility of fulfilling the pledge, as the previous year had yielded only 270,000 combatants. But so successful was the increasing effort made by the recruiting organisations, both central and local, that by November 11th 1918, the date when the armistice was declared, over 200,000 recruits had been obtained, and there is every reason to believe that the 300,000 recruits required during the remaining seven months would have been forthcoming, had recruiting continued. The efforts which were made by the provincial authorities both before and after this time were beyond all praise. Space would be lacking to deal justly with the efforts made by each province, but two examples may be picked out for special mention. The Punjab during the first 2½ years of the war furnished 110,000 fighting men to the Indian Army. During the single year from April 1, 1917, to March 31, 1918, it raised over 114,000 to fight the battles of the Empire. In the United Provinces, the number of combatants serving in the Army on January 1st 1917 was only some 35,000. But with the inauguration of the territorial recruiting system and the establishment of the United Provinces War Board in the middle of the year, 1917, the recruitment of men

Results.

Provincial Efforts.

* The work of these Boards is described in a series of Reports, to which reference is invited.

from the Provinces expanded greatly. During the latter half of the year, nearly 28,000 combatant recruits were enrolled; and a year later during the corresponding period of 1918, this number was doubled. The total number recruited during the last two years was just under 140,000. In the matter of non-combatant recruiting, the United Provinces was far ahead of the other provinces of India, and the total number of combatant and non-combatant recruits furnished between April 1917 and November 1918 was over 200,000. The efforts made by the Punjab and the United Provinces, though calling for special mention as the most striking examples, are generally typical of the efforts which were made by other provincial administrations in India.

The Indian States.

It must not, however, be forgotten that British India is far from furnishing the only recruiting ground for the Indian army. The services rendered in the way of man-power by the Indian States call for more than a passing mention. In 1914, twenty-seven Indian States had contingents of Imperial Service Troops, and these were without exception offered for service overseas in the first weeks of the war. Offers of cavalry came from Alwar, Bhavnagar, Bhopal, Gwalior, Hyderabad, Indore, Jodhpur, Kashmir, Mysore, Navanagar, Patiala, Rampur and Udaipur; offers of infantry came from Alwar, Bahawalpur, Bharatpur, Gwalior, Jind, Kapurthala, Kashmir, Khairpur, Nabha, Patiala and Rampur; offers of mountain artillery came from Kashmir and of camelry from Bikanir; offers of sappers from Faridkot, Malerkotla, Sirmur and Tehri; offers of transport from Bahawalpur, Bharatpur, Gwalior, Indore, Jaipur, Khairpur, and Mysore; and offers of despatch riders from Idar and Rutlam. All these have been on active service in France, in Mesopotamia, in Salonica, in Egypt, in East Africa, and on the North-West Frontier and on duty in India. The States were later invited to allow their troops to be incorporated during the war in the regular army. In certain States a scheme was set on foot to raise battalions for the army, composed, as far as might be, of subjects of the States and officered, paid and equipped by Government. In addition, the great majority of States have

given every facility to British recruiting parties to enter their territories and the numbers recruited from them for the Indian army have increased very materially in the last part of the war. In the year ending with March 31st 1917, the States in direct relation with the Government of India gave to the Imperial Service Troops and to the Indian Army nearly 9,000 combatant recruits; in the year ending with the 30th June 1918, they gave some 33,000 combatants and more than 5,000 non-combatants. To these again must be added the figures of recruitments for the Indian Army in States which are in direct relation with local Governments and not with the Government of India. The total contribution of all the Indian States in the year ending the 30th June 1918, is probably some 50,000 men, and since the outbreak of the war, the total recruitment from this source cannot be less than 100,000 men.

Nepal.

Special mention must be made of the assistance rendered to the Empire by our ally Nepal. More than one-sixth of the total population belonging to the martial classes between the ages of 18 and 35 has been given to the colours.

Improved Service Conditions.

It should be realised that all these men have been recruited upon a voluntary basis. Considerable inducements to enlistment are now constituted by the improved pay and prospects which have been introduced since the outbreak of the war. Since January 1917, the pay of the Indian commissioned and non-commissioned ranks has been substantially increased. A Jamadar's pay, for example, was raised by nearly 20 per cent.; and a Havildar's pay by more than 10 per cent. Since June 1917 a bonus of £3-7*s.* has been given to every combatant recruit, and war bonuses every six months to trained soldiers. The ordinary pensions given to retiring officers and men of the Indian army have been considerably raised and arrangements made for liberalising the conditions under which family pensions are granted to relations of deceased soldiers. In addition to these substantial advantages, a long-standing grievance has been removed in the admission of Indians to commissioned

ranks in the King's Army. Under the scheme devised to carry out a promise made in the declaration of August 20th, of which more hereafter, a number of Indian gentlemen have been granted substantive commissions in recognition of their war services; temporary commissions in the Indian army have also been granted to selected candidates; a Cadet training college has been established at Indore: and a number of Indian gentlemen have been nominated for cadetships at the Royal Military College, Sandhurst. The effect of these concessions upon the spirit of the Indian Army has been considerable. Efforts are being made as far as possible to see that the Indian soldier receives the same care and attention as does his British comrade. A system is now on foot by which Station Hospitals will be provided for Indian troops on a plan parallel to that already sanctioned for British troops. The spirit of comradeship between Englishmen and Indians, which has always formed so striking a feature of the Indian Army, cannot fail to be enhanced by the increased liberality of treatment now meted out to Indians.

The European Community.

It must not be supposed that the English and Anglo-Indians have been more backward than the Indians themselves in taking their share of war effort. The Indian Army Reserve of Officers has proved particularly valuable in replacing the casualties among British officers with Indian regiments. At the time of the intensified efforts which succeeded the Delhi War Conference, the appeals made for recruits met with a ready response. The English commercial community, already greatly depleted by war services, showed great self-sacrifice in releasing men from positions of considerable importance. Nor was Government more backward, for in the period covered by this review over 600 Government servants were released from various civil departments for military duty. Moreover, in 1918, local Governments were asked for the names of civil officers who could be trained in certain staff and administrative duties, for employment in the event of emergency. Nearly 100 officers were selected, and more than 80 completed their training.

The Indian Defence Force.

The Indian Defence Force, constituted under the Act of 1917, came into active operation at the beginning of the period covered by this report. The military duties prescribed in the Act were a serious addition to the burden of normal civil vocations. Considering the fact that the staffs, both of Government and of private establishments, had been seriously depleted by the ordinary processes of recruitment, the manner in which the work of the country was carried on, simultaneously with the obligatory military services, calls both for surprise and for admiration. The Indian Defence Force itself reached before long a state of efficiency which won the praise of the regular military authorities ; and testimonies of its practical value were not wanting. On several occasions during 1917 and 1918, bodies of the Indian Defence Force rendered good service in the cause of peace and order when local disturbances, either on religious or on other grounds, threatened to disturb the normal life of the Indian community.

Women's War Work.

It was not alone the men who did their share towards India's war effort. Englishwomen in India, like their sisters in England, did whatever they could to aid in the prosecution of the war. Particularly during the year 1918, was there a great mobilization of woman-power, largely due to the initiative of the Association of University Women in India. Bureaux of this Association were established in Calcutta and Bombay, and succeeded in opening up new fields of work for suitable women, besides generally regulating the market for women's labour. Medical women were taken from civil and put into military work, and a certain number of unemployed women graduates were discovered and utilised. From the early months of the war, it is hardly necessary to say, the energies of English and Anglo-Indian women in India were largely occupied in supplying comforts for the troops in various theatres of war. In this voluntary work, Indian women joined with great generosity. There has been a considerable increase in the number of women who have taken up nursing as a profession for the duration of the war ; the majority of whom are serving in military hospitals in India. Besides those

actually enrolled as nurses, many women have gone through the preliminary training necessary for enrolment and could be made use of, should the demand increase, at any moment. Much useful work, sometimes paid, more often voluntary, has been done by women in connection with the Canteens established for soldiers in various parts of India. But the most remarkable development of women's work during the year has been their employment in Government offices. Considerable expansion of the clerical staffs owing to war activities has resulted in the admission of a number of women to posts of importance and responsibility. On the whole, it may be said that women in India have performed valuable service in the war, despite the lack of those opportunities which have led in England to their employment on a large scale.

India's effort in money.

It is not only in man power that India has made a great effort during the war. In view of her poverty, her financial contributions have been very considerable. There are rigid limits to the taxable capacity of India, leaving out of consideration the fact that three-quarters of the population depends upon agriculture, and hence upon the incidence of the monsoon, for its means of livelihood. As a result of these two factors, the expansion of direct taxation, a primary element in the war finance of Great Britain and her Dominions, has been very difficult in India. Despite this disadvantage, the financial assistance which India has rendered in the war has been substantial. In the first place comes expenditure in the way of military services. The cost of military expeditions sent outside India does not normally fall upon the Indian Exchequer; but in compliance with a request made by the Government of India, it was decided that India should continue to pay the normal pre-war cost of maintaining those of her troops sent overseas, while the extra expenditure involved was met by the Imperial Government. That this burden has been no light one, is proved by the fact that the net expenditure on military services has risen from about £20 millions in 1912-13 to about £30 millions in 1917-18. Nor was India content with rendering this assistance,

Expenditure upon men.

considerable as it is in light of the fact that her annual revenue for the last six years has averaged less than £100 millions. In September 1918, under circumstances which will be described in a later chapter, the non-official members of the Imperial Legislative Council accepted by a large majority a proposal that India should take over as from April 1st 1918 the normal cost of 200,000 more men than she was then paying for. The effect of this decision was to raise the number of troops, for the normal cost of which India is responsible, from the ordinary peace strength of 160,000, to the substantial figure of 360,000. At the same time, it was agreed that from April 1st 1919 the normal cost of 100,000 men more should be taken over. Fortunately, as it turned out, the cessation of hostilities rendered this unnecessary. It was estimated that these charges would work out to a grand total of £45 millions, but owing to the fact that the war terminated more speedily than was anticipated, the actual cost to India up to the end of the period under review was some £12 millions.

India's free gift.

It has already been noticed that the expansiveness of taxation in India is strictly limited. In the first year of the war, before financial conditions had had time to adjust themselves to altered circumstances, great damage was inflicted on the Indian revenues. By the end of the year 1915-16, none the less, additional taxation was found to be possible, and the new taxes proved more productive than had been expected. Details of these transactions will be found in the chapter dealing with India's finance; here it is sufficient to say that India found herself able to make a free gift of £100 millions towards alleviating in some measure the immense burden borne by the Imperial Government. Small as this sum may seem in comparison with the expenditure of European countries during the last four years, it must be remembered that it adds over 30 per cent. to India's national debt, that it is rather more than her entire income for a whole year, and that it entails an extra annual burden of 6 per cent. of that income for its maintenance. In 1916, again, further taxation was found possible; and nearly £10 millions have been raised in this way during the last two years—a very substantial

contribution from so poor a country as India. Further particulars as to the two War Loans, by which part of the £100 millions was raised, will be found in another place. The two loans between them realised nearly £75 millions—an immense sum when it is remembered that before the war the largest loan ever raised by Government in India was only some £3 million.

Expenditure on behalf of the Home Government.

Another very important means whereby India rendered financial aid in the prosecution of the war, is found in the expenditure undertaken by the Government of India on behalf of the Imperial Government. India undertook to finance many war services, and to arrange for the export of enormous quantities of food-stuffs and munitions of various kinds. For this, it is true, she received payment in London, but owing to the difficulty of transferring funds from England, she had herself to find the money in the first instance. During the financial year 1918, India spent on behalf of the Imperial Government some £110 millions and the funds which had to be provided in 1918-19 amounted to no less a sum than £140 millions..

War charities.

Lastly, mention must be made of generous contributions by public bodies and by individuals. The funds under which Red Cross work has been carried on in India have been almost entirely furnished from this source. The main income of the joint War Committee of the Order of St. John of Jerusalem and the British Red Cross Society, the Indian Branch of which has been responsible for the provision of almost the whole of the supplies of comforts for the sick and the wounded since August 1916, has been the "Our Day" fund. This fund amounting to the magnificent sum of over £·8 millions was raised as a result of an appeal by Lord Chelmsford. Besides the help thus afforded, the joint War Committee has received very generous aid in the form of subscriptions and donations. Between January 1st and December 31st 1918, the amount of this assistance was more than £20,000. By the end of June 1918, more than £1 million had been given to the Imperial Indian Relief Fund which was inaugurated by Lord Hardinge to alleviate distress

caused by the war. Lavish contributions have also been made by all classes in India to the various provincial war funds, to funds for comforts for the troops and to Their Imperial Majesty's Silver Wedding Fund.

The Part of the Indian Princes.

In money contributions, as well as in gifts of all kinds, the Indian princes have played a worthy part. Their assistance began in the first week of the war, and continued up to the moment of its close. Gifts have come not only from great princes, but from petty chieftains on the furthermost frontiers or in the interior of Burma. The bare list of these donations is long enough to fill more than 200 pages of a closely printed pamphlet. Their total value can hardly be less than £5 millions. While it is not possible to enumerate in detail these contributions, it may be said in general that they are touched with an imagination and a goodwill which are a great Imperial asset. The spirit which inspires the generosity of great princes is the same as that which lies behind the humbler gifts of smaller chiefs—gifts to fire the enthusiasm of any one conscious of the foundations of loyalty upon which the Indian Empire is based.

India's Effort in Munitions.

India's part in providing munitions has certainly not been inferior in extent to that of any portion of the Empire. It is interesting to summarise briefly the effort which has been made since the outbreak of the war to furnish the materials of which the Allies stood in need. In the first half of 1915, the Railway workshops, as well as the principal engineering firms in Calcutta and Rangoon undertook to supply shell cases to supplement the inadequate output of the United Kingdom, and this assistance continued until the Premier had made the Ministry of Munitions independent of such provision. From the very first, moreover, India had a great task to perform in equipping her expanding armies in Mesopotamia, Egypt and elsewhere, and in furnishing the Allies with many essential requisites.

The Indian Munitions Board.

In 1917 the Indian Munitions Board was set up under the chairmanship

of Sir Thomas Holland, with the primary object of securing the supply of essential stores for armies in the field, and the subsidiary object of developing the industries of India.* The Munitions Board gathered together hitherto isolated fragments of purchasing departments, and welded them into a single organised machine for regulating contracts and amalgamating demands. Buying was undertaken on a large scale, and competition between various government agencies was avoided. In co-operation with Local Governments, outposts were instituted in every province, and the development and consolidation of the whole organisation proceeded on thoroughly sound lines. By revising the indents made by Government officials on the Stores Department of the India Office, and by controlling the applications made by private importers for articles on the English list of prohibited exports, it was found practicable to curtail numerous demands made in ignorance of India's local resources and to encourage the manufacture of supplies that formerly could only be obtained from abroad. Before the end of the year 1918 Sir Thomas Holland's Board was controlling expenditure upon war material amounting to £2 millions a month. The complete utilisation of local resources went far to make India an adequate base of supply for Mesopotamia and other theatres of war, besides lessening the strain on the manufacturing resources of Great Britain and America. Up to the end of September 1918 the equipment and stores supplied by India to the various fronts amounted to some £80 millions. Nor was this India's only service in the way of munitions. She performed work of inestimable value in supplying raw materials and partly manufactured articles for the munitions manufactories of other lands. The yield of the wolfram mines in Burma, almost negligible before the war, has been developed until it is now one-third of the entire world output. About 15,000 tons valued at over £2 millions has been sent to England at fixed prices considerably below those ruling in other countries. In manganese ore, moreover, India has

Raw Materials.

* The work done by the Indian Munitions Board from its institution to the termination of hostilities is described in a Report.

been practically the only source of supply to the European Allies. Her exports have amounted to nearly 2 million tons valued at over £2¼ millions. India has also been the main source of the supply of mica. Indian mica is in great demand on account of its high insulating properties, and special measures have been taken to increase the output of the mica mines in Behar. Some 6,000 tons have been exported to the United Kingdom. Indian saltpetre also has been reserved for the Allies, and about 90,000 tons valued at over £2 millions has been supplied at a moderate price. In timber also India has been a very important source of supply. More than 300,000 tons of timber and of bamboos—115,000 tons of which came from Burma alone—have been supplied to Egypt, to Mesopotamia, to Salonika and to other places. Every effort has been made to substitute indigenous timber for foreign supplies, in order to reduce the demands on shipment to a minimum. In addition to the commodities already mentioned, India has supplied large quantities of raw silk, hemp, coir, tea, rubber, skins, petroleum, and so forth.

Assistance in Foodstuffs.

Not the least important war service which India has rendered has been her help in provisioning Great Britain. As Mr. Lloyd George said some months ago, the people of Great Britain may have suffered some deprivation, but they have not known the pangs of real privation. This immunity must be ascribed in part at least to the assistance rendered by Indian shipments of foodstuffs in supplementing the home production. Wheat purchases came under Government control early in 1915 and more than 3 million tons have been shipped to the Allies. During the period of their operations, the Royal Commission on Wheat Supplies have purchased in India nearly 5 million tons of various foodstuffs, of a total value of over £40 millions.

Manufactured Goods.

In textiles also, India has rendered great services. The importance in the last four years of India's monopoly of jute can hardly be exaggerated. Her exports during this period have been valued at no less than £137 millions, comprising in addition to 2 million tons of raw jute, nearly 3,000 million bags and more than

4,000 million yards of cloth. The great cotton industry also has been an important aid to the Allies. After the supply of British made goods fell off, recourse was had to the Indian mills for army supplies, and the cotton textiles required for army purposes were for sometime entirely manufactured by them. To meet the requirement of a single year, 20 million yards of khaki drill and 3½ million yards of khaki drill shirting were made. In addition, large quantities of army blankets were manufactured and the exportable surplus of Indian wool was reserved for the War Office at controlled prices. Some £8 millions worth of wool has been shipped to England, and altogether more than 42 million articles of troops' clothing have been manufactured. The leather industry also boasts of some very remarkable figures. Though India has been using evergrowing quantities of local leather for the manufacture of army boots and accoutrements, Britain has relied very largely on Indian tanned hides, which have provided leather for nearly two-thirds of the army boots manufactured. The value of these hides since the outbreak of war has been over £12 millions. Indian raw hides to the value of some £8 millions have been acquired for the British and Italian Governments. Taking the tanned hides and raw hides together, the contribution of India during the war has exceeded the value of £20 millions. She has also been the most important source of supplies of oleaginous produce required for food, for lubricants and for industrial purposes. Various measures have been taken to stimulate production and to increase, as far as possible, the surplus available for export. Since August 1914 the Empire and the Allies have received from India 2½ million tons of oils and oil-seeds to a total value of £31 millions. In iron and steel also India has performed important services. The Tata Iron and Steel Works, which turned out its first rails some 2½ years before the outbreak of the war, has been the chief source of supply of rails for Mesopotamia, East Africa and Palestine. From the beginning of the war in August 1914 this Company has supplied to the Government nearly 300,000 tons of steel material at an average base

Iron and Steel.

price of less than £10 a ton.* Had these steel works not been in existence, Government could not have secured their requirements at anything like as low a figure. In addition, about 4,000 tons of pig iron have been supplied for military requirements at rates which were very low in comparison with the price of pig iron in England. Thanks to the Company's efforts, not only Government, but many public bodies in India have been able to obtain considerable quantities of steel at reasonable prices. The Tata Works, together with the Bengal Iron & Steel Company, have been responsible for a large part of India's contribution to the iron and steel required in various theatres of war. Altogether some 1,800 miles of track, 13,000 feet of bridging, 200 engines and more than 6,000 vehicles have been sent out of the country. In Mesopotamia, in particular, it would have been impossible to carry on the campaign without the iron and steel of India, which has been the foundation not only of railway but also of water transport in the country. The river flotilla on the Tigris and the Euphrates is mainly composed of vessels drawn from Indian rivers or put together in Indian workshops. Nearly 900 vessels have been supplied to Mesopotamia, and more than 500 anchor boats and dinghies. India has also supplied to Mesopotamia the whole of the railway transport, as well as the telegraphic and telephonic equipment employed in the country. The demands thus made upon the Railway Department and the Posts and Telegraphs Departments of India have been very heavy both in the way of material and of personnel; but they have been met both ungrudgingly and successfully by the unceasing efforts of the respective staffs.

Railways, Posts and Telegraphs.

As may well be imagined, one of the problems inseparably connected with India's important war contribution of material, has been that of transport. This has presented itself in three forms,—the supply of water transport, the supply of land transport, and the supply of coal so necessary for both of the foregoing.

Transport problems.

* Information supplied by courtesy of Messrs. Tata.

Shipping.

The gravity of the shipping position in the United Kingdom and the consequent establishment of a Ministry of Shipping Control led in India to the appointment of an experienced officer whose business was to control shipping in Indian waters. The movement to Europe of the commodities which were regulated by Government, was arranged by the Ministry of Shipping with the Calcutta Liners' Conference. A systematic scheme for the most economical utilisation of the available tonnage was gradually evolved, and encouragement was given to the establishment of the ship-building industry in India. The shortage of material due to Government requirements rendered it difficult to make any substantial progress in the construction of steel ships, but in Burma, Madras, Bengal and Bombay, a certain revival in the indigenous industry of wooden ship-building resulted.

In 1917, moreover, owing to the sowing of mines in Indian waters by an enemy mine layer, it was found necessary to provide trawlers for mine-sweeping in the neighbourhood of the various defended ports. At first the direction and responsibility of the work devolved on the Royal Indian Marine, but after some months the organisation for mine sweeping and patrolling was placed directly under the Naval Commander-in-Chief in the East Indies, the Royal Indian Marine remaining responsible for the provision of suitable vessels, and the supply of the requisite personnel to man them.

Railways.

In the matter of land transport, mention is made in another place of the excellent service which the Indian railways have rendered during the course of the war. The construction and working of military railways in the East depended almost entirely on the Indian railway system for staff and materials. The depletion of the staff and rolling stock in India through the demands made upon it from overseas threw a great strain upon all Railway Departments, but the efficiency and self-sacrifice with which the work was carried out under conditions of great difficulty have won the whole-hearted commendation of all observers. As one illustration of the work accomplished, mention may be made of the Nushki Extension Railway, referred to above.

This line runs through a most inhospitable country, where there is scarcely any drinkable water. Labour, materials, stores and supplies of every kind had to be carried along with railhead ; but despite all difficulties, a line 300 miles long through Baluchistan up to the Persian boundary near Mirjawa was constructed in less than 12 months of actual work.

Coal.

It is obvious that the successful working of transport, both by land and sea, depends very largely upon adequacy of coal supply. The distribution of coal throughout India became a matter of acute difficulty in the early part of 1917, largely on account of shipping shortage, which operated to prevent the continuance of the pre-war system,under which the bulk of the coal consumed on the west side of India was carried by sea from Calcutta. Further, the normal import of coal into Bombay fell off seriously. It was therefore found necessary to control in a somewhat rigid manner the production and distribution of Indian coal. Mention is made of this in more detail in another place ; but here it is sufficient to say that the measures adopted worked on the whole not unsatisfactorily, largely as a result of the patriotic attitude of the colliery and other interests intimately concerned.

Provincial Efforts.

In regard to the whole matter of India's war supplies, the efforts of the Central Government have been enthusiastically forwarded by the local administrations. It is impossible within the short space available to give any adequate idea of the way in which the Provincial Governments and the Indian States have mobilised their resources for the service of the Empire. As one example out of many, it may be mentioned that from the Cawnpore mills alone over 7 million yards of cloth of all kinds were furnished. From the United Provinces alone, between August 1917 and May 1918 over 50,000 tons of hay and nearly the same quantity of fodder was supplied for use in Mesopotamia.

What the War has done for India.

Having thus sketched in barest outline what India has done for the war, it remains to consider briefly what the war has done for India. For reasons already explained,

it would be both premature and useless to attempt an investigation of this topic in any great detail. All that can be done here is to suggest some of the more prominent manifestations, the real importance of which can only be estimated by the historian of the future.

Moral Effect.

In the first place, the moral effect of the war upon India has been most remarkable. Her rally to the Empire at the outbreak of hostilities was but the manifestation of a great wave of loyalty which swept over the country. The classes interested in politics realised, as never before, that India was part of the Empire, that her very existence was intimately bound up with the Empire's survival. To the first feeling of enthusiasm there succeeded a steady determination to discharge whatever obligations the war might place upon the country. This again was followed by a widespread pride in the success of India's war efforts and in the generous recognition accorded to them by the Mother Country and the Dominions. As a consequence of this development, the politically minded classes steadfastly set before their eyes the aim of asserting India's right to a place among the self-governing Dominions of the British Commonwealth. The ideal of responsible government within the Empire came to the front in political discussions as never before, and afforded a marked stimulus to constructive constitutional activities. At no time was there any symptom of a desire for the severance of the ties which bound India to the Mother Country. There was on the contrary a demand for the strengthening of these ties, combined with a fixed resolve that India's position within the Empire should not fall short of that which was deemed to be rightfully her due. Satisfaction was felt at the recognition of India's status in the Empire through her admission to the Imperial War Conference and the Imperial Cabinet. This satisfaction was strengthened by the admission of representatives of India among the Imperial delegates at the Peace Conference. The removal of certain standing grievances has also helped to stiffen the growing feeling of self-respect and pride in India's war achievements. The acceptance by the Dominions' representa-

India and the Empire.

tives of the principle of reciprocity of treatment, the grant of King's Commissions to Indians, and other like developments have served at once to stimulate India's devotion to the Empire and to awaken her pride in her own growing national spirit.

Material Effect.

The material effect of the war has been hardly less marked. There has been a notable stimulus to commerce and industry. The peculiar circumstances arising out of the war have introduced an atmosphere of economic protection in which the industries of India, both nascent and established, have flourished to an unprecedented degree. Great public interest has been aroused in the industrial development of the country, and it is noticed in the Report of the Indian Industrial Commission that there has been a definite demand for the adoption of the policy of State participation in industrial development, and of State assistance to industrial undertakings, which is likely to produce results stretching far into the future. As a consequence of this interest in industrial matters, there has been a growing desire on the part of the politically minded classes that Government assistance should be directed towards the aim of making India more economically self-sufficing than has been the case hitherto. The report of the Indian Industrial Commission points out the grave danger to which India and the Empire are alike exposed, owing to the fact that the principal industries in India depend very largely upon certain key industries, which are not adequately developed in the country. Hence any marked interruption of communications between India and the Empire, such as nearly resulted from the campaign of unrestricted submarinism, threatens to bring the industries of India to a standstill. There is every reason to hope that it will be found possible to take measures for the avoidance of any future danger upon this score. The Government of India has lost no time in considering the report of the Indian Industrial Commission and in consulting the local administrations on the proposals made therein. In the near future, we may confidently expect to see great and far-reaching industrial developments.

General Summary.

On the whole, then, it may be said that both in the moral and in the material sphere, the war has acted as a great stimulus to India. It has broadened her outlook, it has deepened her interest in the Empire. It has aroused hundreds of people to a realisation of the problems lying outside their immediate environment. In short, it may well prove to be the beginning of a new era, not merely in the relations of India to the Empire, but also in the internal life of India herself.

CHAPTER II.

The Political Record.

The year 1916.

We must now turn to a consideration of internal political developments. The year 1916 had been a period of marked political activity in India. The results of this activity were epitomised in the proceedings of the Indian National Congress and of the All-India Muslim League, meetings of which were held at Lucknow in December. Some knowledge of these proceedings is an essential introduction to the political history of the period now under consideration.

Lucknow 1916.

When the Congress met, it was plain that the Left Wing of the Nationalist Party, commonly called the Extremists, as represented by the followers of Mrs. Besant and Mr. Tilak, was in a distinct majority. This by itself was a fact of some significance. For the previous nine years, the Congress had been dominated by the Centre party of the Nationalists, commonly called the Moderates. Since the Surat Congress of 1907, which broke up in disorder owing to the intemperate conduct of certain of the Extremists, the Left Wing had remained in a minority. The position was now suddenly reversed, with interesting consequences to the history of the period covered by this Report.

Changed Position of Parties.

For this reversal, strange as it may seem, the war must be held largely responsible. As a consequence of the outbreak of hostilities, and of the rallying of the Dominions to the Mother Country, the re-adjustment of the constitutional relations between the component parts of the British Empire had been brought into the forefront of public discussion. In this readjustment, Indian political leaders were vitally inter-

ested. India's loyal response to the Empire's call had aroused a generous echo in the hearts of the British public ; and British Ministers had solemnly pledged the Empire's gratitude. These pledges were now more than two years old, and while there were continual rumours of schemes to hasten on Imperial federation, there had been no indication as to the place which would be found for India in the new scheme. Indian opinion, it must be remembered, was still smarting under the treatment of Indian settlers in some parts of the Empire, and it was widely feared that the projected adjustment of the Imperial constitution would give the Dominions some share in the control of Indian affairs. The long postponement of any announcement as to the future position of India had perplexed all shades of Nationalist opinion.

The Moderates.

The Moderates had recently lost two of their most influential leaders in Mr. Gokhale and Sir Pherozeshah Mehta, and they had no plan of campaign ready to oppose to the Extremists, who had taken the opportunity afforded by the delay to set up their own standard of political demand.

The Extremists.

Having thus a clear field, the Home Rule movement in Madras under Mrs. Besant and the corresponding movement in the Bombay Presidency under Mr. Tilak had gone ahead very fast. Pressure had been brought to bear upon Indian politicians of all shades of opinion, with the object of inducing them to present a united front in support of India's claim to a position in the Empire approximately equal to that of the Self-Governing Dominions. Towards the end of 1916, when it had become known that Lord Chelmsford's Government was engaged in elaborating a scheme of post-war reforms, nineteen members of the Imperial Legislative Council had put together and published a scheme of their own. This may be briefly described as subordinating the executive to the orders of a legislature upon which was laid no responsibility for the continuance of the work of government. At any moment the legislature could have brought the whole administration to a standstill. But to create a government of its own, it was to be given no

Scheme of the Nineteen.

power. This scheme figured among the business which came up for consideration in the Lucknow meetings of the Congress and Muslim League held in December 1916.

Home Rule Propaganda.

As has already been noticed, the meetings were dominated by the Left Wing of the Nationalist Party. As a consequence, Home Rule propaganda through the medium of local leagues and committees, to which previous Congresses had accorded no sanction, was now formally countenanced. The hands of the Left Wing were further strengthened by the unauthorised publication of a letter written by a student of Imperial affairs, which was misrepresented as implying the existence of a "conspiracy" to subordinate India to the control of the Dominions. Passionate speeches were delivered, and India's claim to some form of responsible government was hotly urged. The scheme of the Nineteen Members was taken as a basis, after being worked out in greater detail, and made more peremptory. It was then put forward in its revised form as the minimum concession which Indian political opinion was prepared to accept.

The Curtis Letter.

The Hindu-Muslim Compact.

It is worthy of notice that this scheme was simultaneously accepted by the Muslim League. In the course of the year 1915, a definite *rapprochement* had taken place between some of the leaders of advanced Hindu and of advanced Muhammadan opinion. The Muslim League, which had until recently stood mainly for the protection of Muhammadan interests against anticipated Hindu ascendency, had gradually become dominated by those members of the "young" Muslim party, who upheld the new ideal of self-government for India. As a consequence of this, the Muslim League probably became less representative of conservative Muhammadan opinion in India; for the Muhammadan community, educationally less advanced than the Hindus, seems at present also less attracted by Nationalist ideals, and less patient of political, as distinct from religious leadership, by any party of advance. Towards the end of 1916, as a result of skilful negotiations, the Muslim League under the guidance of the "young" party

of political Muhammadans, agreed to accept the modified scheme of the Nineteen Members, on condition that the interests of their community were safeguarded by the concession of very heavy Muhammadan representation upon certain of the proposed councils. This compact was ratified at Lucknow, the net result being that the Congress and the Muslim League jointly accepted the Scheme of the Nineteen, amplified and amended in certain particulars. The achievement of such apparent unity between the two great organisations of non-official opinion, which had in times past looked upon each other with a suspicious eye, was a considerable triumph for the Nationalist party.

The Home Rule Campaign.

After the Lucknow meetings, the Home Rule leaders, such as Mrs. Besant and Mr. Tilak, entered upon a campaign of vigorous propaganda, which now became more formidable, in that it definitely put forward the Congress-League Scheme of constitutional reform as its minimum immediate demand. This scheme has been criticised in some detail in the Montagu-Chelmsford Report, and as a result of certain objections urged against it, no longer now commands the support of many of those who originally put it forward. It is therefore hardly necessary here to examine it in great detail, beyond stating that its defects were less the fault of those who drew it up, than the result of certain characteristic features of the Morley-Minto Reforms. These Reforms had not been designed to lead up to responsible government, and the attempt to stretch them in a direction whither they were not intended to point was naturally unsuccessful. By the Morley-Minto Reforms, elected members had been admitted to the Legislative Councils ; but since the executive had remained as before responsible only to the Secretary of State, enough officials had been given seats in the Councils to enable Government generally to secure the passage of essential legislation. The Congress-League Scheme proposed to upset the balance of votes by the creation of a large non-official majority ; but while giving the executive no power to carry measures

Congress-League Scheme.

which were deemed to be necessary, it gave the legislature no power to replace the executive by one in harmony with its own ideas. However at the time when the Congress-League Scheme was put forward at Lucknow, these defects were not clearly realised. The energetic propaganda carried on in support of it produced an apparent unanimity of Nationalist opinion in its favour.

Public Uneasiness.

The activities of Mrs. Besant, Mr. Tilak, and their followers began shortly to make themselves felt. By the early summer of 1917, that portion of the public of India which was interested in political matters had become unsettled in its ideas. The mere fact that the Allies were avowedly fighting in defence of the rights of small and weak nations against large and strong ones; the frequent references by Allied statesmen to such terms as democracy and self-determination; the strong world-movement towards government by popular opinion—all these combined to raise vague hopes and to stimulate discontent with the existing polity in India. Matters were further complicated by a series of events, in themselves not very important, which combined to produce a marked effect upon the educated public. The Report of the Public Services Commission, published early in 1917, was regarded as a disappointing document. Some of the suggestions, it was considered by Indian Nationalists, were no doubt valuable, but on the whole it failed to appreciate the new spirit of India, which was reluctant to admit that a strong European element was necessary among the officers of any department. The contrast between the hopes which had been aroused, and the results which had been achieved after so much labour, time, and expense, was a favourite theme of discussion for some time in the Indian edited press. In addition, a good deal of feeling was aroused by proceedings subsequently cancelled, commenced against Mr. Gandhi, the well-known social reformer, who had gone to Champaran in Bihar to enquire into the grievances of the labourers employed on indigo cultivation. Fresh material for complaint by the Indian edited

The Champaran Case.

press was found in a somewhat strongly worded address in which the Principal of a Government College lectured his students on Indian moral standards. Excitement grew as a result of energetic Home Rule propaganda combined with such incidents as those described above. At length several Local Governments deemed it advisable to take action in the direction of counselling moderation and the abandonment of chimerical hopes.

It may be mentioned that at the February (1917) meeting of the Imperial Legislative Council, Lord Chelmsford had pleaded for patience, assuring the members that the question of constitutional reform for India was a topic to which his Government was giving the most earnest consideration. In the atmosphere of growing excitement the appeal passed almost unheeded.

India in the War Conference.

So, strangely enough, did the decision of the British Government that India was to be represented on the Imperial War Conference by two non-official Indians and one British administrator, in addition to the Secretary of State. Appreciation of this important step was less in evidence than unfavourable comment on the fact that the representatives had been selected by Government.

Further Uneasiness—Official Action.

In the summer months of 1917, uneasiness reached its height. The Governor of Madras, and the Lieutenant-Governor of the Punjab, found it necessary to deliver emphatic warnings against the employment of political propaganda of a type which they considered likely to increase popular uneasiness. This gave rise to an unfounded and regrettable suspicion that Government was about to embark upon a campaign of repression, with the object of uprooting political activity of any and every kind. Nothing could have been farther from the truth ; but circulars issued at this time by several Local Governments, pointing out the undesirable results on college discipline of immature students identifying themselves prominently with political meetings, confirmed the suspicion in the minds of many people. Partly no doubt as a result of these circulars, a

movement for "National Education" was started in Madras by way of protest against what was described as the denationalising effect of the existing educational system. Despite the enthusiasm of its supporters the movement has not so far been looked upon with favour by many Indian educationalists of eminence. At present it is too early to pronounce either upon its success or its possibilities. It deserves mention here as providing further evidence of the many-sided energy with which the Home Rule campaign was pushed in the early summer of 1917. At this very juncture, an event occurred which did more than anything else to excite the fear of Indian politicians. On May 14th 1917, Lord Pentland, in his speech to the Madras Legislative Council, had sounded a deliberate note of warning on the Home Rule propaganda and the violent methods which were being employed to push it—methods which in the opinion of Government were calculated to produce in Madras the same revolutionary tendencies which in Bengal had led to so deplorable consequences. This warning was disregarded, and as a result, after His Excellency the Governor had personally attempted to dissuade Mrs. Besant from persisting in the course she was then following, an order was issued on June 16th directing her and her two principal lieutenants, Messrs. Arundale and Wadia, to abstain from attending political meetings, and from making speeches. They were also required to take up their residence in one of six prescribed areas. They chose the pleasant hill station of Ootacamund.

"National Education."

Mrs. Besant's Internment.

This order made a great sensation in India, and protest meetings were organised in many places. Home Rulers announced their intention of fighting out once for all the question whether self-government was a legitimate aspiration for India or not; and under their guidance this issue was placed in the forefront of the agitation. It was feared that the anticipated campaign of repression had really begun; and insufficient allowance was made for the difficulties to which Government had been

Its Effects.

exposed by the agitation resulting from the inflammatory methods employed in ventilating political questions. In the midst of a great war it is plainly impossible to permit the raising of popular excitement, by the employment of violent language directed against existing régime. The publication of the Report of the Mesopotamia Commission about this time added to the difficulties which Government was called upon to face, affording as it did a ready opening for those who desired to criticise the efficiency of the administration. Moreover, the changes in the India Office resulting from the Report gave rise to the fear that the anxiously awaited pronouncement upon India's future position in the Empire would be further delayed. The press, both English and Indian edited, assumed an unparalleled bitterness of tone at this time. Up and down India the major portion of English-edited press supported Government fairly consistently. The great majority of Indian-edited newspapers, while doubtful in their attitude towards the Mesopotamia Commission Report and very resentful of criticism of Lord Hardinge, whole-heartedly condemned the recent internment. But it was noteworthy that the greatest unanimity among Indian newspapers upon the latter topic was found in Northern India, where the difficulties to which the Madras Government had been exposed by the Home Rule propaganda were less appreciated than in the South. In Madras itself, and in Bombay, there were signs that certain sections of Indian opinion were unwilling utterly to disapprove the internment. There was none the less a great preponderance of feeling in favour of the internees, and in the protest meetings which were held in various parts of India, the strongest sentiments were expressed. For a time there was a talk of passive resistance; but this came to nothing. The action of certain political leaders in the United Provinces, who abandoned a projected recruiting meeting as a protest, was condemned in many other parts of India. But the excitement continued to grow; and an energetic attempt was made by the Home Rulers to enlist the sympathies of the Muhammadans by

Mesopotamia Commission.

Tone of the Press.

coupling with the names of Mrs. Besant and her lieutenants, the names of two Muhammadan internees, Muhammad Ali and Shaukat Ali, who had been restricted by the Government of India in Lord Hardinge's time on the ground that they had expressed and promoted sympathy with the King's enemies. It seemed that the leaders of the Nationalist party, both Moderates and Extremists, Hindus and Muhammadans had once more closed their ranks.

The Muhammadan Internees.

While the excitement was still at its height, the situation was suddenly eased by the publication of Mr. E. S. Montagu's speech of August 20th, the most important passage of which was as follows :—

The Announcement of August 20.

" The policy of His Majesty's Government, with which the Government of India are in complete accord, is that of the increasing association of Indians in every branch of the administration, and the gradual development of self-governing institutions, with a view to the progressive realisation of responsible government in India as an integral part of the British Empire. They have decided that substantial steps in this direction should be taken as soon as possible, and that it is of the highest importance as a preliminary to considering what these steps should be that there should be a free and informal exchange of opinion between those in authority at home and in India. His Majesty's Government have accordingly decided, with His Majesty's approval, that I should accept the Viceroy's invitation to proceed to India to discuss these matters with the Viceroy and the Government of India, to consider with the Viceroy the view of local Governments, and to receive with him the suggestions of representative bodies and others. I would add that progress in this policy can only be achieved by successive stages. The British Government and the Government of India, on whom the responsibility lies for the welfare and advancement of the Indian peoples, must be the judges of the time and measure of each advance, and they must be guided by the co-operation received from those upon whom the new opportunities of ser-

vices will thus be conferred, and by the extent to which it is found that confidence can be reposed in their sense of responsibility. Ample opportunity will be afforded for public discussion of the proposals, which will be submitted in due course to Parliament."

Its Effects.

The effect of this announcement was quickly seen in the resultant cleavage of the ranks of the Nationalist party. The Moderates frankly welcomed the declaration as the "Magna Charta of India," and while asking for the release of the internees as an earnest of the intentions of Government, desired to concentrate all their energies on an educative campaign in preparation for the coming visit of the Secretary of State. The Extremists on the other hand expressed dissatisfaction at the guarded phraseology of the announcement, which they deemed to fall very far short of India's deserts and aspirations. They desired that agitation should continue, and urged the adoption of a policy of passive resistance with the object of impressing upon the British people the necessity of conciliating the party of advance in India. The division between the Moderates and the Extremists was further emphasised by disputes as to the election of the President of the approaching Indian National Congress. The

Division of Nationalist Party.

Moderates were reluctant to accept the suggestion put forward by the younger Extremists, that Mrs. Besant should be elected as a protest against "bureaucratic repression." There was a disturbance in the Congress Reception Committee, which was dissolved by the Chairman; and a rival committee with Sir Rabindra Nath Tagore as Chairman was set up by the Extremists. At length the desire to present an unbroken front to the Secretary of State overcame the reluctance of the older congress-men, and Mrs. Besant was accepted with the appearance of unanimity.

By the time the Legislative Council met in September, the political tension had been largely relieved. But a further complication was shortly introduced by the outbreak of serious

trouble between the Hindu and Muhammadan communities. It has already been remarked that the leaders of the Nationalist party, both Hindus and Muhammadans, had come to an agreement in December 1916 to support the Congress—League Scheme. Unfortunately in this matter the gulf which separated the leaders on both sides from the masses of their co-religionists was very wide,—a fact clearly proved by any study of the Indian-edited press, both English and Vernacular, during the first half of the year 1917. Some of the organs of conservative Hindu opinion blamed the Hindu leaders for consenting to confer so generous a representation upon the Muhammadans. But their attitude was far from being as strongly marked as that of the conservative Muhammadan press, which continued to voice distrust of the intentions of the Hindus, and denied that the Muhammadan political leaders, in assenting to the Lucknow compromise, had any claim to represent Muhammadan opinion throughout the country at large. The Indian National Congress, it was pointed out, was a national, not a Hindu body; and doubts were thrown upon its power to commit the Hindus in general to such a liberal recognition of Muhammadan claims. The Muslim League came in for much criticism from this same conservative section of the Muhammadan press, portions of which denounced the Home Rule movement as an attempt to betray the interests of Islam into the hands of the Hindus. As the year drew on, the situation was not eased by the military misfortunes which overtook Turkey. To the Muhammadan, religion and politics are almost inseparably connected; and despite the splendid loyalty of the Muhammadans to the British Empire, anything which affected the temporal power of Islam could not fail to cause them distress and anxiety. The capture of Baghdad, the Palestine successes, and the growing power of the Sharif of Mecca were topics upon which Muhammadan opinion was sensitive. Two things, it may be mentioned, in passing, comforted the community very much. They were thankful that the holy places of Karbela, Najf, and Jerusalem had not been the scene of actual fighting, and they

Hindu-Muslim Contentions.

Muslim Feeling.

appreciated the respect for Islamic sentiment which marked the demeanour of the conquerors. But it was plain that the existence in the Muhammadan mind of these particular anxieties, which naturally left the Hindus untouched, helped to widen the breach between the two communities.

The Bakr-'Id Riots.

In September the unfortunate division, already mentioned, between the political leaders of the Muhammadan and Hindu communities, and the masses themselves, received fresh and tragic confirmation. It must be explained that at the annual festival known as Bakr-'Id, pious Muhammadans commemorate the episode of Abraham's contemplated sacrifice of his son by offering up animals—in India, generally cows. As to the Hindus the cow is an object of great reverence, the celebration of the Bakr-'Id is often an occasion for the outbreak of bitter feelings between the two communities. As a rule, some arrangements are made by the leaders on each side to prevent the passions of the ignorant from becoming inflamed. But in 1917, in the Patna division of Bihar and Orissa, the rural Hindus of a large area appear to have made a carefully organised attempt to put an end once for all to the cow sacrifice in their midst. The first riot occurred on the morning of September 28th at a village named Ibrahimpur in the Shahabad district. In spite of the conclusion of a compromise between the local Hindus and Muhammadans, a large body of Hindus from a distance attacked and looted the village. The rioters dispersed as quickly as they had appeared; and since the compromise had been broken, the Muhammadans performed the cow sacrifice according to their custom. On the morning of September 30th a mob of Hindus, estimated to number more than 25,000, attacked Ibrahimpur and some neighbouring villages. It was only dispersed after a hand to hand contest with the police, in the course of which much looting was done and the police station attacked. Strong reinforcements of military police were at once hurried to the district, and for 36 hours there was an outward calm. But on October 2nd without further warning, rioting broke out simultaneously over a large part of the district, and for six days law and order disappeared. Large Hindu mobs everywhere

attacked Muhammadans, destroying their houses, and looting their property. In the south of the district, Muhammadan villagers put up a plucky resistance, and desperate fights attended by considerable bloodshed occurred in some places. The mobs were frequently led by small landholders who directed the proceedings from elephants or from horse-back. Strong detachments of troops, which were hurried to Arrah, had at first great difficulty in getting to close quarters with the numerous mobile bodies of rioters. The country was water-logged and extremely unsuited for rapid movement either of cavalry or of infantry. The rioters were well served by their spies, and dispersed quickly as soon as the troops arrived in any given place, only to rally again without delay somewhere else. As soon as it became possible to establish a cordon of military posts and to connect them with patrols along the main roads, resistance collapsed. On October 9th similar disturbances broke out in the adjoining parts of the Gaya district, where over 30 villages were looted. But this time troops were near at hand, and order was restored after a few days. The rioters, who had been arrested in great numbers, were tried by special tribunals constituted under the Defence of India Act, and about one thousand individuals were convicted and sentenced to various terms of imprisonment.

Effect upon Hindu-Muslim relations.

These lamentable occurrences at once produced their effect upon the relations between the Hindu and Muhammadan communities all over India. The Muhammadan press as a whole was loud in its denunciation of the Hindu rioters, and the more conservative section announced that its fears as to the treatment which Muhammadans might expect at Hindu hands were now fully confirmed. The Hindu press while condemning the rioters, could not pretend to see eye to eye with the Muhammadans upon the cow-killing question. It was remarked at the time that certain sections of that press appeared to feel less sorrow for the sufferings of the Muhammadans than chagrin at the break-down of the political compact arranged between Hindu and Muhammadan leaders, which found expression in an attempt to fix the blame on

Government rather than upon the religious fanaticism of an ignorant rural population. The gulf between the Hindu and Muhammadan communities widened and the Muslim political leaders themselves began to fear for the interests of Islam, since it was plain that the conciliatory attitude of the Hindu leaders was no indication of the temper of the Hindu rank and file. At the meeting of the All-India Muslim League held two months afterwards, under the presidency of the Raja of Mahmudabad, these fears found expression in a demand on the part of certain persons that the representation of the Muhammadan community upon the Councils contemplated in the Congress-League Scheme should be increased to fifty per cent.

Meeting of the Imperial Legislative Council, September, 1917.

Shortly before the outbreak of these troubles, the Imperial Legislative Council had met at Simla. On September 5th, the Government of India announced that it was prepared to recommend the Madras authorities to remove the restrictions placed upon Mrs. Besant and Messrs. Arundale and Wadia, on condition that it was satisfied that these persons would abstain from violent and unconstitutional methods of political agitation during the remainder of the period of the war. In taking this course, the Government of India declared that it was actuated by the hope that the recent declaration of His Majesty's Government and the approaching visit of the Secretary of State, would exercise a tranquilising effect upon the situation. Lord Chelmsford in his opening speech drew attention to the importance of the recent announcement of policy,

The Viceroy's Speech.

and summarised the methods by which advance was to be achieved towards the endowment of British India with self-government as an integral part of the British Empire. Local self-government, the employment of Indians in more responsible positions under Government, changes in the Legislative Councils—such were the three methods; and recourse was to be had to all three simultaneously. Continuing, the Viceroy made a strong appeal for moderation of thought and expression, so that when the Secretary of State arrived, he might find a calm atmosphere in which

the issues to be examined might receive the attention worthy of their importance. In another part of his speech, Lord Chelmsford recounted the success of the attempts which his Government had made to remove such long standing causes of complaint as the cotton duty which had penalised India in favour of Lancashire ; as the race bar which had hindered the bestowal of King's Commissions upon Indians ; as the invidious treatment to which Indian immigrants and visitors had been subjected in certain parts of the Empire. With regard to this last matter, he pointed out that the acceptance, by the Dominions representatives on the Imperial War Conference, of the principle of reciprocity of treatment, was the first fruits of India's admission to a place of honour at the council-table of the Empire. Two well-worn domestic grievances were mentioned. Under the Indian Defence Force Act, an opportunity had been afforded to Indians to undergo military training. Next, the Arms Act was already under examination, with a view to abolishing racial distinctions as a ground for exemption. The Viceroy further dwelt upon the services rendered by India to the Empire in the war, and upon the determination of his Government that the gallant deeds of the Indian Army should be adequately recognised and requited.

Sir Michael O'Dwyer's Speech.

This speech was the clearest expression of the views of Lord Chelmsford's Government which had as yet been received by the Indian public, and it was the subject of favourable comment by the press. Not many days afterwards, Sir Michael O'Dwyer, the Lieutenant-Governor of the Punjab, delivered a speech which excited much opposition among the Nationalist members of Council, and, indeed, among the Nationalist party generally throughout the country. Availing himself of the opportunity afforded by a motion to assimilate the form of government in the Punjab to that of Bihar and Orissa, he recounted the splendid services which the people of his province had rendered in the war. He pointed out that with less than one-thirteenth of the population of the Indian Empire, the Punjab furnishes sixty per cent. of the army recruited in India. He went on to contrast in forceful terms the deeds of the

Punjab with the words of certain of the Nationalist leaders, and condemned the attitude of those sections of Indian opinion, which "forgetful of the security which they owe to the British Navy and the British Indian army, regardless of the terrible crisis through which the British Empire is passing," were "callously discussing and even actively preaching the doctrine of passive resistance to the King Emperor's Government." The resentment aroused by this speech in some quarters was very strong, and at the next meeting of Council Sir Michael expressed his regret that his remarks had given offence.

Its Consequences.

Taken in conjunction with the release of Mrs. Besant, Sir Michael's speech and its reception by the Nationalist party produced an effect extending far beyond the four walls of the Council Chamber. The non-official English community had of late taken very little interest in Indian politics, and the European Defence Association, which had come into existence more than thirty years ago, as a result of the Ilbert Bill agitation, had shrunk in numbers and in influence. But doubts as to the wisdom of Government's action in releasing Mrs. Besant, uncertainty as to the future of English interests in India under the newly announced regime, and approval of many of Sir Michael O'Dwyer's sentiments, combined to arouse the non-official English community to a sense of their need for some organised form of self-expression.

The European Association.

Accordingly, an endeavour was made to set the European Association, from whose title the word "Defence" had been dropped in the course of years, upon a new footing. This attempt quickly achieved success. Branches were formed all over India, a new central organisation was established in Calcutta, and backed by a majority of the English-edited papers, the Association increased its membership in a short time to some 7,000 or 8,000 from scarcely as many hundreds. This new move was regarded with suspicion by the Indian press as a whole, and both English and Indian-edited papers indulged in an acrimonious controversy which rendered more than usually difficult the achievement of that calm atmosphere, for which Lord Chelmsford had pleaded.

Effect of Mrs. Besant's Release.

In Southern India, the release of Mrs. Besant was denounced by the majority of the non-Brahmin community, who had for sometime previously been organising themselves in protest against the superior social position occupied by the Brahmins. They plainly announced their conviction that their interests would not be safe, unless protected in the future Councils by some scheme of communal representation. On the other hand by the Hindu leaders of the Nationalist party, the release was hailed as a triumph, with the result that the Muhammadans were inspired to attempt a similar feat in securing the release of the interned Ali brothers. Mrs. Besant interested herself in the matter for sometime, but when it was found that Muhammad Ali refused to give without reservation the guarantee which had been suggested, agitation over the case began to be regarded among Hindu political leaders as infructuous and they began to lose interest in it. This was not calculated to make the relations between the Hindus and the Muhammadans, already exacerbated by the Bihar riots, any more cordial; and as the year 1917 drew to a close symptoms were not wanting that the conservative section of Muhammadan opinion, which regarded the Muslim League and its compromise with the Hindus suspiciously, was becoming increasingly powerful. In various parts of India, the provincial Muslim Leagues began to split up. The advanced political leaders of the community maintained their adherence to the Lucknow agreement, while the more conservative sections would have nothing to do with it.

The Secretary of State's Visit.

All classes of interests began to prepare memorials and addresses in readiness for the approaching visit of the Secretary of State; and on his arrival in India, Mr. Montagu settled down with the Viceroy to receive many deputations and to grant innumerable private interviews. No class or community in India desired to be left out in the cold, and many Associations were hurriedly formed at the last minute by bodies of persons who had not hitherto perceived the need of organising themselves for the expression of their opinions.

The more important of these addresses favoured the Congress-League Scheme, with such additions and qualifications as appealed to the particular interest concerned in each deputation. But the non-Brahmin communities of Madras and the Deccan, while favouring political advance under such conditions as they imagined would safeguard their own people, generally opposed the Nationalist programme. This opposition was also found in many of the addresses presented by the larger landlords, by the conservative Muhammadans, and by other classes who either because of their inclinations or their position in the social scale, were but slightly affected by recent political movements. The European Association, as representing the interests of the non-official community, expressed itself strongly in deprecation of hasty advance, but could give little counsel as to the forward steps which most people knew must be taken before long. From every side, hopes and fears were freely expressed. One and all received courteous and attentive hearing from Mr. Montagu and Lord Chelmsford. There was indeed from certain sections of the press a not very reasonable complaint at Mr. Montagu's non-committal attitude, coupled with a fear that he had been too "isolated" from things Indian to appreciate the urgency of India's claim to political concessions. On the whole, however, the facility of expression allowed to opinion of every shade met with well deserved approval. Nor was it only the dwellers in British India who were desirous of expressing their views upon the topic of political reconstruction. In November 1917, as in the preceding year, an informal Conference of Indian Princes had been convened by Lord Chelmsford, and before dispersing, the Princes had appointed a committee to consider the new situation. The result of their deliberations was presented to the Viceroy and the Secretary of State in February, 1918.

The Chiefs' Conference.

Meanwhile the December meeting of the Indian National Congress had been held in Calcutta under the presidency of Mrs. Besant. Her adroit handling resulted in the withdrawal of all the resolutions which proposed modifications

The Indian National Congress, December, 1917.

in the Congress-League Scheme. That Scheme was reaffirmed and was once more proclaimed with great emphasis as the minimum which India was ready to accept. Mrs. Besant's presidential address, designed to be read out at meetings held simultaneously in different parts of the country, asserted the right of India to receive immediately the constitutional concessions embodied in the Congress-League Scheme, together with a promise of complete Home Rule in five or ten years. The speech was enthusiastically received by the Nationalist press throughout the country; but there was some disposition to question the wisdom of her assertion that the decision of the majority was absolutely binding upon every member of the Congress. This disposition grew in strength and received support from those who had originally disliked Mrs. Besant's elevation to the presidential chair. It was indeed hardly to be expected that unanimity could be carried very far, since if Western analogies may be trusted, the emergence of distinct parties is one of the earliest symptoms of constitutional development towards the institutions of democracy. The most important result of the meeting was probably the confirmation of the Left Wing of the Nationalist party in its possession of the Congress machinery.

The Muslim League.

There does not appear to have been any greater unanimity in the meeting of the Muslim League. The conservative Muhammadan press grumbled that the Arrah riots were slurred over in the League proceedings. There was some disposition to attack speakers who favoured the Hindu-Muslim entente. Much sympathy was expressed on behalf of the Muhammadan internees, and complaints were made that Hindu opinion was too lukewarm on their behalf. As has already been noticed, there was a demand from certain quarters that Muhammadan representation should be increased to fifty per cent. on the Councils contemplated by the Congress-League Scheme.

Party Politics.

During the early months of 1918 the divisions already noted between the Moderate and Extremist politicians began to widen, as

did those between conservative and advanced opinion among the Muhammadans. The Home Rule propaganda was vigorously pushed and was as vigorously met by those sections of the community, English and Indian, which disliked the violence of certain of its advocates. There was in particular one aspect of this propaganda in Southern India which was attacked with extreme bitterness. The non-Brahmin wing of the Home Rule party in Madras, which was known as the Madras Presidency Association, devoted itself to an attempt at labour organisation. A Labour Union was formed, and articles appeared in the press describing the hardships of millhands and industrial workers. Appeals were directed to the British Labour Party to support the cause of Indian labour, which was said to be in a defenceless condition. Later on in the year, as is mentioned in another place, the new Labour Union bore fruit in the outbreak of strikes in various quarters,* and in the establishment of other Unions framed in imitation.

The Labour movement.

On the whole, the political situation had been greatly eased by Government's manifest determination to evolve a scheme of constitutional advance at an early date. In February 1918, when the Imperial Legislative Council met, the question of reforms still overshadowed everything else. Lord Chelmsford in his opening speech announced an important change in Budget procedure. Hitherto the financial statement had been introduced without discussion, and there had been no general debate on financial policy until the end of the session, when the Budget appeared in its final shape. As a result, the Budget debate had necessarily been somewhat infructuous and academic. By the new procedure, the Viceroy announced the financial statement was to be introduced into Council, and, its further consideration postponed until a fixed day, when a general discussion upon it was to take place. Lord Chelmsford

The General Situation.

The Imperial Legislative Council, March, 1918.

* Report of Directors, Buckingham and Carnatic Mills, for half-year ending 31st December 1918.

also informed the Council that as a result of the work of the last three months, the Secretary of State hoped to take home proposals embodying a safe and sober advance, with future steps duly outlined, towards the goal of responsible government. Ample opportunities, he reminded the Council, would be given for public discussion of the proposals, which in due course were to be submitted to Parliament.

The subsequent proceedings of this meeting of the Council call for little remark. The opportunity afforded for a more vital discussion of the financial statement was eagerly embraced, and a number of resolutions were moved asking for allocations of money to particular purposes. These were sympathetically received, and met so far as appeared practicable to Government. Generally speaking, the acuteness of the political tension showed signs of passing away, although it was plain after Council had dispersed that the publication of the report of the Viceroy and the Secretary of State was awaited with much anxiety.

Before long, however, other matters claimed their share of attention. After three years of considerable prosperity, India was beginning to feel in acuter degree the pinch of war. The shortage of shipping which resulted from unrestricted submarinism operated to hinder the import of two things much in demand by all classes,—salt and cotton goods. In some parts of India prices rose high, and were aggravated by speculation until they pressed with great hardship upon the poorer classes. Discontent and uneasiness soon led to lawlessness, and in Bengal, Bombay, Bihar and Assam, there were outbreaks of looting, action against which was promptly taken by the Local Governments concerned. The situation was rendered more difficult by restricted transport, due both to shortage of coal and to the demands made upon the railways by the Forces in Mesopotamia and elsewhere. Throughout the year 1918, as is noticed in another chapter of this Report, the general economic situation gradually changed for the worse, until it became sufficiently serious to cause suffering to the poorer classes and acute anxiety to Government. Already in February

Economic Distress.

1918, Lord Chelmsford had found it desirable to inform the Imperial Legislative Council of the steps which were being taken to obviate the effects of the salt shortage. About this time, also, the absorption of silver currency owing to causes which are discussed elsewhere, was beginning to produce serious inconvenience. But in the early months of 1918, while India was still experiencing the effects of the great prosperity of 1917, stringency in certain quarters did little more than to arouse her to fuller realisation of the seriousness of the struggle in which the Empire was engaged. The world-war had reached a most critical point. The collapse of Russia in 1917 had thrown an added burden upon the Empire and the Allies, and in February 1918, Lord Chelmsford had warned India that she must be prepared for greater efforts and greater sacrifices, for more effective organisation of her military resources in manpower and in material.

The War Situation.

The situation indeed was as yet hardly realised in its true light. The bad news from the Western front was insufficiently estimated by the bulk of the Indian edited press, and the Prime Minister's telegram to the Viceroy on April 2nd, in which India was warned to be on her guard against the danger at her door, came as a severe shock. The summoning of the War Conference at Delhi on April 27th was hailed with enthusiasm by almost every section of the press, though certain Extremist organs regretted that Mrs. Besant, Mr. Tilak, and other Left Wing leaders had not been summoned. An account of the proceedings of this Conference will be found elsewhere. In the present connection it is sufficient to note that most of the princes and politicians who attended the Conference vied with the officials in their enthusiasm for the organisation of India's resources against the Empire's enemies. As was perhaps to be expected, the note of political controversy was not absent from some of the speeches of certain Left Wing politicians present; but as to the general solidarity and determination of educated India to support Government at this critical juncture, there could be no possibility of doubt.

The Delhi Conference, April, 1918.

Results of the Conference.

The operation of the new central organisations called into being as a result of the Conference, combined with the increased activity of Local Governments, served still further to bring the war home to India at large. There was a marked enthusiasm to co-operate with Government on the part of certain Indian political leaders. The Moderates threw themselves unreservedly into the good work; but among some sections of the Left Wing there was a tendency to adopt an attitude of bargaining, and to demand political concessions from Government as a pre-requisite of support. One incident which attracted considerable attention took place in Bombay, where, in the course of a meeting held to give support to the resolutions of the Delhi Conference, some prominent local members of the Home Rule party attempted to introduce an amendment with a political bias into a resolution of loyalty to the Throne. On being called to order by the Governor of Bombay, who was presiding over the meeting, a few of the Home Rulers left the hall. This incident was severely criticised in many papers, both English and Indian edited. It was complained that some of the Home Rulers did not realise the seriousness of the situation in which the Empire, and indeed India herself, was now placed. The result was to increase the gulf between the Extremists and the Moderates.

Moderates and Extremists.

It was remarked at this time that while the Moderates were throwing the best of their energies into work designed to assist Government in the prosecution of the war, the Home Rulers were conducting a campaign directed towards obtaining political concessions rather than towards the achivement of victory. In Madras the movement for National Education was pushed with zeal by the Home Rule party, and excited some suspicion among the non-Brahmin leaders. In another direction also the activity of Home Rule Leaguers made itself felt. The Madras Presidency Association, and its newly established Labour Union, found a ready hearing among mill-hands and labourers who were beginning to experience through a rise in prices something of the distress of war. In the latter part of the year, the result-

ing strikes and disturbances seriously hampered the production of munitions from such mills as the Buckingham and Carnatic, whose whole output was absorbed by Government. This movement in particular excited bitter feeling in the European and non-Brahmin press, with the result that acrid controversies arose. The non-official English community, to judge by their press, regarded the whole atmosphere of reform with some suspicion. Early in the year, indeed, it had seemed probable that the leaders of this community would join hands with certain Moderate Indian politicians in a constructive scheme known as the "Joint Address," which indicated future stages of political advance in accordance with the declaration of August 20th. But intensely pre-occupied as they were with the war, the English non-official community devoted only spasmodic attention to politics, and the movement did not succeed. Nor at this time had anything occurred to re-assure Muhammadan opinion of the conservative type. In May 1918, two religious leaders of Lucknow issued a pamphlet contending that a Home Rule which gave predominance to the Hindus would be contrary to the principles of Islam. The gulf which separated this section of the Muslim community from the rank and file of the Hindus showed no disposition to narrow. The memory of the Arrah riots, combined with the continued military misfortunes of Turkey, served to cause considerable distress and uneasiness to many. It was in an atmosphere thus somewhat highly charged that the Montagu-Chelmsford Report was published on July 8th. The specific recommendations of this Report cannot be discussed here. A summary of them will be found in an appendix.* We are concerned in this place to note the reception which the Report encountered in India.

The English Community.

The document being long and somewhat complicated, did not at first evoke much criticism in detail. Its immediate effect was to widen the division between the Moderates and the Extremists, and, as was afterwards seen, it gave the former a *locus standi* which they had previously lacked.

The Montagu-Chelmsford Report : its Reception.

* P. 192 *seq.*

Already in June 1918, the Bengal Moderates had started a National Liberal League, and it was plain that they were prepared to take their own line upon the Report. The Left Wing party, as represented by the Home Rule Leaguers, were the first in the field. Indeed, a few days before the Report was published, one of their leaders took it upon himself to condemn the proposals in advance on the ground that they originated with foreigners. Within a few hours of publication a number of other Extremist leaders expressed their opinion decisively and unhesitatingly. Mrs. Besant condemned the proposals as unworthy to be offered by England or to be accepted by India. Mr. Tilak was not far behind her in pronouncing the Scheme to be entirely unacceptable. But in strong contrast with the hasty action of the Home Rulers was the conduct of the Moderates, who took sometime to make up their minds. There was a general reluctance in many quarters to pronounce upon the detailed recommendations of a document of such complexity, but the old leaders of the Centre party of the National Congress, such as Sir Dinshaw Wacha of Bombay and Mr. Surendra Nath Banerjea of Bengal, were unanimous in pronouncing the scheme to be a substantial instalment of responsible government, and an honest endeavour to meet the legitimate aspirations of educated India.

Press Comments.

The comments of the press were at first very cautious, but on the whole favourable. The majority of the English edited press gave the scheme sober, fair, and honest examination. The Indian edited press soon displayed a division of opinion upon the subject. Moderate organs started with a disposition in favour of the proposals, while Extremist organs started with a disposition the other way.

As the liberal and far-reaching character of the proposals became generally realised, the conviction gained ground that the Extremists had made a mistake in denouncing them. The more influential periodicals, both Indian and English edited, warned Indian politicians that even if the Scheme did not go so far as had been hoped, it would be a grave

blunder to reject it. It was urged that if it were not accepted, India would certainly not get more, and might easily get less, than what was offered. This consideration, combined with the attitude of a certain section of the press, both in India and in England, which expressed open hostility to the Scheme on the ground of undue haste and precipitation, produced in many quarters the impression that if Indian opinion did not rally in support of the proposals, they might be wrecked by those who disliked them. Moderate opinion in almost every part of India, while reserving a right to ask for modification in detail, showed itself generally appreciative of the principles underlying the reform proposals. It is interesting to note the change which gradually came over the opinion of the Extremist leaders. Before very long, as a study of their Press shows, they found it desirable to revise the opinion which they had expressed upon the Scheme. They attempted to show that there was little essential difference between the judgment of the Moderates upon the proposals, and their own revised opinions. The Moderates, however, valuing their independence as a party, showed themselves unwilling to accept the overtures of the Extremists. They knew that the Extremists controlled the machinery of the Indian National Congress, and they feared that their own sentiments would be over-borne. In consequence the Moderate leaders declined to attend the emergency meeting of the Indian National Congress which was arranged at the end of August, and announced their intention of holding a special conference of their own soon after the meeting of the Imperial Legislative Council which was fixed for September 4th, 1918. In short, it became plain that the publication of the Montagu-Chelmsford Report had served to reveal the differences of aims and methods which distinguished the Moderates from the Extremists. It thus represents an important stage in the development of clear-cut political parties in India.

Moderates and Extremists.

The Moderates, while approving of the general principles of the proposals, were not prepared to accept every word of the Report as inspired. They realised that it was

The Moderates and the Scheme.

above all things most important not to wreck the project, and before long they began to confine their suggested amendments to matters which did not affect the main principles. The central plan of divided responsibility or "dyarchy" as it is called in India, came in for little criticism; indeed the Moderates had small objection to the principal provisions of the Scheme, merely desiring to carry it further in certain directions. They were anxious that the principle of responsibility should be introduced into the Government of India, without quite realising the practical difficulties involved. They desired to see Indians appointed to half the number of seats on the Viceroy's Executive Council. In the sphere of local government they rather disliked the power which would fall to the Governor; they feared the Budget arrangements and the possible starvation of transferred subjects; they also disliked the Grand Committee procedure. But on the whole they were prepared to accord to the scheme a hearty measure of support.

The Sedition Committee.

The Moderates' position was considerably strengthened at this time by the publication of the report of the Sedition Committee presided over by Mr. Justice Rowlatt. This Committee had been appointed, amongst other reasons, out of a desire to satisfy public opinion in India and elsewhere, certain sections of which had assumed that the internments under the Defence of India Act had not always been based on sufficient evidence. Assurances to the contrary having failed to shake this belief, the Government of India decided in December 1917 to appoint an extremely authoritative Committee to investigate in the fullest possible manner all the evidence bearing upon the sedition movement in India. The personnel of this Committee included a Judge of the Supreme Court of Judicature in England: the Chief Justice of Bombay: an Indian High Court Judge from Madras: a non-official Indian lawyer of high standing: and an experienced member of the Indian Civil Service. The unanimous report which they produced was a complete justification of the action of Government. It proved that the ordinary provisions of law were entirely unsuitable for a situation such as Government had been called upon to face in India at the begin-

ning of the war. This Report was subsequently backed by the issue of another report containing the results of the investigations conducted by a Committee consisting of Mr. Justice Beachcroft, a Judge of the Calcutta High Court, and Sir Narayan Chandavarkar, an ex-High Court Judge of Bombay, who were specially appointed to enquire into the cases of the Bengal internees. Again the policy of Government was vindicated; for the Committee decided that in 800 out of 806 cases there was every ground for detention, and the remaining persons were discharged, not because their innocence was established, but because the orders against them were in the opinion of the Committee not supported by adequate evidence. The joint effect of these two Reports was considerable, for, in conjunction with the news of the anarchy in Russia, they convinced many soberminded men that the exigencies of the time emphatically dictated support of the party which made co-operation with established government a plank in its political platform. It was pointed out by certain sections of the press that some of the methods employed by the Extremists bore a disquieting analogy to those of which the ultimate regrettable consequences were fully illustrated in the two Reports.

As the details of the Montagu-Chelmsford scheme became appreciated, a number of separate interests which conceived they had cause for dissatisfaction began to make themselves heard.

The English Community.

The English commercial community, fearing that its stake in the country had not been sufficiently considered, found particular cause for uneasiness in the theoretical objections put forward in the Report to the principle of communal representation. After maintaining silence for some time, the European Association issued a manifesto, which received wide publicity in the press, expressing alarm at what it considered to be a double weakening of the position of the English in India, through the simultaneous processes of Indianising the services and of intr ducing far-reaching changes into the machinery of administration. Among the services too, there was a feeling of uncertainty as to what the future might bring. The Indian Civil Service in particular found itself likely to be affected vitally by the

Reform proposals, and in some provinces, Civil Service Associations, which had long existed, renewed their activities with the object of clearing up questions of retirement, pensions, and the like, should service under the new conditions prove uncongenial. Natural as was this movement in the circumstances, its effect was to alarm certain sections of the Indian-edited press, which, without pausing to remember the honourable traditions which have always characterised the work of the services in India, denounced the movement as an attempt on the part of vested interests to thwart the progress of reform.

Non-Brahmins.

The second body which considered, that it had a cause of grievance in the recommendations of the Report was the non-Brahmin community of Southern India. Its members were dismayed to find that the principle of communal representation, which had for long been a main plank in their platform of political reconstruction was explicitly condemned on grounds of theory in the Report. But when it was pointed out that the community would have ample opportunity of stating its case before the two Committees which were going round to investigate franchise and functions, the agitation in some measure subsided. Further, the feeling that Dr. Nair, the most prominent non-Brahmin politician of Madras, was putting the non-Brahmin case before the British public in the course of his stay in England, exercised a distinctly quieting effect.

The Muhammadans.

In the third place, the Muhammadan community was somewhat disappointed with the provisions of the Scheme. The advanced section of " young " Muhammadans, who were in agreement with the Hindu leaders, was inclined to resent the criticism which the framers of the Report directed against the Congress-League Scheme. They were displeased at the prospective loss of the over-weighty representation which the Muslims of some provinces had secured by the Lucknow compact, and certain of them disliked the provision that since special electorates were conceded, no Muhammadan might vote in the ordinary constituency. At this time three unfortunate incidents occurred

which added to the uneasiness of the Muslim community in general. It is true that the conservative section of Muhammadan opinion, which had never liked the Lucknow agreement, was not distressed by the attitude of the Montagu-Chelmsford Report towards the Congress-League Scheme, but in regard both to the remarks made in the Report upon the subject of communal representation, and also to the incidents which now occurred, that section, in common with the politically minded Muhammadans, found great cause for disquietude. The first incident was the occurrence of trouble at the Muhammadan Anglo-Oriental College at Aligarh. This educational institution, founded some 40 years ago by the great Muhammadan leader, Sir Syed Ahmad, is regarded with pride by all Indian Mussalmans. It has had a very distinguished history; it has been noted for the eminent academic attainments of its staff; it is generally regarded as the nucleus of a future Muslim University. For some time there had been difficulties between the Trustees on the Board of Management and the English staff. In consequence, the English staff resigned, and considerable anxiety was felt by the educated section of the Muslim community as to the condition of the College. But more serious than this was the occurrence of fresh rioting on religious grounds. A Calcutta paper, describing the experiences of an Arab in France, made use of an unhappy phrase which was taken as implying disrespect to the tomb of the Prophet. The feelings of the Muhammadans, already disturbed by causes previously noticed, were much excited by this, and indignation meetings were held at Calcutta and elsewhere. When the Bakr-'Id festival came round again, some lower class Muhammadans in Calcutta caused such disorder that the military had to be called out. Several lives were lost and many persons were wounded. Moreover, about the same time, there was a recrudescence of Hindu-Muhammadan trouble at Katarpur in the Saharanpur district of the United Provinces. More than twenty Muhammadans were

Aligarh.

The Calcutta Riots.

Katarpur.

cruelly murdered in a religious riot. The matter is still under investigation, but so far as can be seen at the moment of writing the causes of the catastrophe were purely local. The joint effect of these incidents, as may be imagined, was to cause considerable uneasiness to the Muhammadan community.

The Special Session of the Indian National Congress.

We have already seen that the Left Wing party were making efforts to bridge the gulf separating themselves from the Moderates. These efforts, however, were not crowned with success. At the special session of the Indian National Congress held in Bombay at the end of August, few Moderate leaders presented themselves. The Congress did what the Extremists desired of it; it pronounced the Reforms disappointing and unsatisfactory. It demanded that full responsible government should be established in the whole of India within a period not exceeding fifteen years, and in the provinces in a period not exceeding six years. These resolutions showed that there still remained a very wide gap between the Extremists and the Moderates; for while, as we have seen, the latter were willing to accept the general principle of the Scheme, the changes which the former party desired to introduce in it were tantamount to a rejection.

The Imperial Legislative Council, September 1918.

When the Imperial Legislative Council met in September, the news from the Western Front was rapidly becoming encouraging beyond all expectation. There were also rumours that great successes were about to occur in Palestine. The anxieties of Government concerning North-West Frontier politics seemed to be passing away, for Germany's troubles on the Western Front were expected to keep her fully occupied in that quarter. But on the other hand, the internal situation of India continued to give much cause for anxiety. The very high prices, originating in scarcity and enhanced by profiteering, were now seriously aggravated by one of the worst known failures of the monsoon. The poor were suffering severely and Government's intervention was demanded from all sides. The currency

question was still very disquieting, for within three years more than £66 millions sterling had been unproductively employed in the purchase of silver from abroad, and the demand for coin still continued. On the whole, however, despite the anxieties inseparable from the internal situation, there was a general atmosphere of optimism throughout the country.

The Viceroy's Speech.

In his opening speech Lord Chelmsford briefly reviewed the general war situation, and described the various activities resulting from the Delhi Conference. He dwelt with pride upon the ready response which the recruiting campaign had evoked and upon the rapidly mounting subscriptions to the Second War Loan. He referred to the prevailing high prices of food-stuffs and cotton cloth, and announced the determination of Government to take every precaution to safeguard the poorer classes. But the most important matter was the Viceroy's declaration in regard to the reforms. He reminded the members that, as was plainly stated in the Report, the progress contemplated in the Montagu-Chelmsford Scheme had been carried right up to the line beyond which inherent principles forbade immediate advance. Lord Chelmsford proceeded, " What I wish to emphasise is this. Substantial steps were promised. In my own heart I am confident that substantial steps are provided in our proposals. We have not kept back something like hucksterers in the market, something which we would be prepared to give as a result of pressure. Everything has been placed on the table for all men to see. In the words of the Report ' We have carried the advance right up to the line beyond which our principles forbid us to go.' " These words were a considerable blow to the hopes of the Extremists throughout the country, and the position of the Moderates was correspondingly strengthened. The resolution of Mr. Banerjea, which expressed gratitude for the reform proposals as a genuine effort and a definite advance towards the progressive realisation of responsible government, and recommended that a committee consisting of the non-official members of Council should be appointed to consider the Report,

Mr. Surendranath Banerjea's Resolution.

was accepted by an overwhelming majority. When this committee came to hand in its report, it was found that most of its detailed recommendations were not of very far-reaching character. There was a demand for the introduction of the principle of responsibility into the Government of India, but which of the Central Government's functions could be safely entrusted to ministers was nowhere determined. The real importance of the work of the committee lay in the fact that the Montagu-Chelmsford Scheme was now accepted by the moderate section of elected members of the Indian Legislature as a basis for the future constitutional development of India.

India's new War Contribution.

The next important matter was the question of further financial assistance in respect of the military forces raised or to be raised in India. The Finance Member, Sir William Meyer, put forward the suggestion on behalf of Government that India should take over as from April 1st, 1918, the normal cost of 200,000 additional men. These men were already serving, but the expenses were then being paid by the British Government. It was further suggested that from April 1st, 1919, India should take over the normal cost of 100,000 men more. In assessing the contribution it was assumed that the war would last to the end of the year 1919-20, and it was reckoned that the amount of India's new assistance to the Empire would be £45 millions. It should be noticed that Government left the fate of the resolution to the votes of the non-official members, upon whom the responsibility of accepting or refusing the proposal accordingly rested. Some notable speeches were made, notable no less from their earnestness as from the loyalty to the King-Emperor which they displayed. The resolution was passed by a large majority, subject to the conditions, originally proposed by Sir William Meyer, that the money should be raised principally by a tax on excess profits, and that the utmost care should be taken in no way to make things more difficult for the lower classes. There were two other interesting motions, one concerning the Arms Act, which has for sometime been a standing grievance. The Home Member announced that a committee was to be appointed to

consider the whole question, and that early action would be taken to remove legitimate grievances. The other resolution was to the effect that the consideration of the Rowlatt Report should be held in abeyance. This resolution was lost by a very large majority, the only persons speaking in favour of it being one or two of the Left Wing party.

Legislative Work.

During the session a variety of useful legislative work was done, to which fuller reference is made in Chapter V of this Report. In the course of the discussion of a bill put forward by the Commander-in-Chief, to provide that certain persons liable for military service in the Indian Defence Force should be liable to perform war work of other kinds, the representatives of the English commercial community showed some annoyance, and asked that in matters of this sort, which would seriously affect their already depleted staff, they might be taken into the confidence of Government at an earlier stage. But the introduction of the measure was not opposed. The other legislative work was of a most important character, in the light of the existing economic situation. Powers were taken by Government to provide a cheap supply of cotton cloth for the poorer classes of the community. As a result of the passage of this measure, an almost immediate fall in price occurred in several quarters, and when the end of the year came it had still been found unnecessary to exercise the powers placed at Government's disposal.

On September 25th, when news came of General Allenby's great victory in Palestine and his destruction of the Turkish forces, an impressive scene was witnessed in Council. A non-official Muhammadan member from the Punjab moved that the thanks and congratulations of the Council should be conveyed to the Allied armies, and the resolution was unanimously adopted by the Members, who rose to their feet to mark the solemnity of the occasion. In his closing speech, the Viceroy congratulated the Council on the spirit of co-operation which had been displayed in the course of the session, and added some reassuring words for the benefit of the Muhammadan

community, exhorting them to be satisfied that Government was now no less mindful of their interests than in the past.

The Franchise and Functions Committees.

No time was lost in arranging for the constitution and terms of reference of the two committees suggested in the Montagu-Chelmsford Report. The advice of these committees was needed for the settlement of the rules to be made under the new bill, which could not be introduced into Parliament till it was seen what the nature of the rules would be. In October 1918, the constitution and terms of reference were publicly announced. Lord Southborough was appointed to preside over both committees, which were to meet in joint sessions when necessary. The Franchise Committee was to consist of Sir Frank Sly, an Indian Civil Servant from the Central Provinces; Sahibzada Aftab Ahmad, a member of the Secretary of State's Council; Mr. W. M. Hailey, the Chief Commissioner of Delhi; Babu Surendra Nath Banerjea, the well-known Moderate leader from Bengal; Mr. Malcolm Hogg, representing the commercial community; and Mr. Srinivasa Shastri of the Servants of India Society. This committee was instructed to advise on the franchise and on the constitution of the local legislative councils, and taking into consideration the necessity for the representation of minority and other interests, to propose a complete scheme for the size and composition of each. It was also to consider somewhat similar questions in connection with the proposed Indian Legislative Assembly and the Council of State. Equally important was the work of the committee on the division of functions, which was to make recommendations for the division of powers and of functions between the Government of India and the provinces, and between the two halves, official and popular, of the new provincial Governments. Its personnel consisted of Mr. R. Feetham, Legal Adviser to the High Commissioner of South Africa; Mr. H. F. W. Gillman, Member of the Executive Council of Madras, whose lamented death deprived the committee of the services of a most valuable colleague; Sir Rahim Bakhsh, a Muhammadan gentleman with administrative experience both of British

India and of the Indian States; Dr. Tej Bahadur Sapru, a Moderate politician of the United Provinces; Mr. (afterwards Sir) Chimanlall Setalvad, vice-chancellor of the Bombay University; Mr. H. L. Stephenson, a Secretary to the Government of Bengal; and Mr. J. P. Thompson, Chief Secretary to the Punjab Government.

Criticisms.

The composition of these committees aroused a little opposition from two quarters. The Left Wing party grumbled that they were not represented, and the non-Brahmins of Madras made the same complaint. But generally speaking it may be said that the selection commanded confidence.

Growing Distress.

Towards the close of the year, the internal situation was overcast with gloom. The ravages of influenza, which is estimated to have caused some six million deaths in India, far exceeded the depredations of plague in former years. The activities of Government were seriously disorganised. The prices of common necessaries of life showed no disposition to fall; and the average wholesale prices for food, while in many cases below the average of world prices, showed a rise of 15 per cent. above the wholesale prices of 1917, and a rise of 31 per cent. above pre-war level. This was sufficient to cause deep distress in India, where the margin of income over bare subsistence is extremely small for the bulk of the population. In order to anticipate the demands caused by local shortage it was necessary to appoint a Foodstuffs Controller with very wide powers.

The Aspect of the War.

But while the economic situation was such as to cause depression, this was largely offset, so far as general public feeling was concerned, by the change which came over the aspect of the war during the last few months of 1918. The end came with a suddenness which took most people by surprise. At first it was hardly believed that the long struggle was over. Not until orders were issued to stop recruiting did the remoter districts really believe that the Empire had been victorious. Their joy was in large measure due to the results which they expected to follow from peace, the return of their menfolk,

and the fall in the price of cloth and food. Unfortunately, these results could not be realised at once. Nonetheless the encouraging news of the Empire's victory served in some measure to relieve anxieties caused by the economic situation. Everywhere armistice celebrations were organised. In the great cities there were military processions, decorated streets, and general holidays; throughout the country-side, district officers held meetings of notables, organised games, and distributed food to the poor. The gloom of war-time was dispelled and all India sincerely rejoiced. Among the political classes the reception of the news was enthusiastic. The Moderates were unfeignedly delighted, for they found their position of general friendliness to Government greatly strengthened. On the other hand, those members of the Left Wing of the Nationalists who had at one time attempted to bargain with Government by offering their support in the prosecution of the war at the price of the concessions they desired, saw that the time for such a policy had gone for ever. Their attitude, which at first was characterised by a little hesitation, seems to have been influenced in large measure by a fear lest the victory of the Allies should weaken the determination of Great Britain to proceed with Indian reforms. There was, as was inevitable, some anxiety on the part of the Muhammadans, who were intensely concerned at the military misfortunes of the Ottoman Empire. The Muslim press, while rejoicing in the Allied victories, lost no opportunity of pressing for favourable consideration of Turkey's helpless position.

The Moderate Conference.

The course of political development quickly responded to the new situation. At the beginning of November, before the desperateness of Germany's plight was realised, the Moderates had held their special conference in Bombay. Despite attacks by the Extremist press, they maintained their support of the general principles of the Montagu-Chelmsford Reforms Scheme. Important sections of the press, both Indian and English edited, pointed out that the Moderates, as a Centre party between the old fashioned Conservatives and the newly evolved Extremists, had

a great part to play in the future development of Indian politics. The conference was a success, giving confidence to the Moderates, and encouraging them to maintain their independent attitude. Most of them decided to abstain from attending the approaching session of the Indian National Congress, believing that while the Left Wing controlled the Congress machinery, they would have little chance of making themselves heard. It was soon seen that the Left Wing party were somewhat divided as a result of the post-war situation. There was a tendency on one side to move further and further beyond the old Home Rule League programme, to a point at which co-operation between Indians and Englishmen was looked upon as definitely undesirable. On the other side there was a tendency to approximate more and more to the position occupied by the Moderate party. In Bombay, the new body, who may be called the ultra-Left Wing, came to the front on the occasion of a meeting held to propose a memorial to Lord Willingdon, the retiring Governor. They protested against the requisition of the Town Hall for the purpose, and feeling ran very high. The incident excited far more interest all over India than its importance merited, perhaps because it showed that the ultra-Left Wing were discontented with the old steady tactics of Parliamentary opposition which had been employed by Nationalist leaders in times past. It seemed from the utterances of their press that racial and personal hostilities were being imported into political questions.

The Indian National Congress, 1918.

A further illustration of the new ultra-Left Wing attitude was found in the session of the Indian National Congress at Delhi. The whole of the Left Wing were very anxious to make this session a success, in order to provide an offset to the success which the Centre party had achieved in the special Moderate conference at Bombay. There were some five thousand delegates gathered at Delhi, including nearly a thousand agriculturalists who had been given a free trip. Hundreds of women attended, some behind a thin curtain, others taking their places in the crowd. Throughout the whole session, it was apparent that the ultra-Left Wing were the dominating

party. Speeches were demanded in the vernacular, and the old style of English oratory, once so popular, was greeted with manifest impatience. A resolution re-affirming the decision of the special Bombay Congress that the Montagu-Chelmsford Scheme was disappointing and unsatisfactory, was carried by a large majority. The new resolution indeed went further than its original, for it dropped the time-limit of six years during which law, justice and police were to be reserved subjects in the Provinces, and demanded instead full provincial autonomy at once. This resolution showed the uncompromising spirit and frank flouting of all dictates of prudence and expediency which marked the new party. Other resolutions were in harmony with this spirit. Strong protests were made against the Rowlatt Report; and India's right to self-determination and immediate Home Rule was also asserted. The whole meeting was a triumph for the ultra-Left Wing, and by contrast to their attitude the main body of the old Home Rule Leaguers appeared almost conservative. It is possible that there will be an important re-grouping of parties in India through the obvious differences which have made their appearance between the followers of Mrs. Besant and the rapidly developing ultra-Left Wing.

The Muslim League.

The meeting of the Muslim League which took place about the same time, was still more remarkable for the prominence of the ultra-Left Wing party. Anxiety for the fate of Turkey and for temporal interests of Islam was apparent from most of the addresses. It is idle to deny that this natural feeling of anxiety on the question of Turkey's future status is at the time of writing extremely acute in India; indeed, when the year 1918 came to an end it was the most prominent subject of discussion in the Muhammadan press.

At the close of the period under review, there was published a scheme of constitutional reform for Burma. The Government of that Province, having been invited to formulate its own scheme, produced a plan in which "dyarchy" and parliamentary responsibility, the two leading features of the Montagu-Chelmsford proposals found no place. The main principle

of the Burma scheme may be described as association rather than responsibility. The work of government is to be carried on by four Boards, consisting of officials, but presided over by non-officials as directing agents. Local self-government is to be developed and the power of the Legislative Council, with a non-official majority, is to be increased. Behind the whole structure lies the discretionary authority of the Head of the Province. This scheme is still under consideration, and appears to have been well received in Burma.

As to the "reality" of the political developments outlined in this chapter, there can be no question. The time has gone by when the topic of constitutional reform in India could be dismissed summarily with the remark that those who demand it form but a fraction of the population.

General Summary.

The present position is such that the Imperial Parliament finds the question of India's constitutional advance, both immediate and future, not least in urgency among the post-war problems with which it is faced.

CHAPTER III.

The Economic Background.*

Turning now to the economic background, in relation to which the general life of India as described in preceding chapters has to be considered, the first topic which demands our attention is that of Finance.

Principal Conditions of Indian Finance.

It is necessary by way of introduction to indicate some of the principal conditions by which Indian finance is governed. First, India being still in the main an agricultural country with more than 70 per cent. of her population dependent upon agriculture, the Indian revenues are largely influenced by the character of the season, for despite the rapid spread of irrigation, Indian agriculture still relies upon the monsoons, which are liable to great fluctuations. Secondly India has large commitments in London, in payment for which a sum averaging about £20 million sterling a year has to be remitted to England. This sum goes to pay for Government stores, for interest on debt, and for the salaries and pensions of civil servants who are on leave or who have retired. In order to keep himself in funds to meet these home charges, the Secretary of State sells drafts upon the Indian treasuries, known as Council Bills. Thirdly it must be remembered that the currency of India is rupee and rupee notes, with, before the war, a considerable circulation of sovereigns. In order

* This Chapter is based principally upon material supplied by the Finance and Commerce and Industry Departments and upon the Report of the Indian Industrial Commission.

It is to be noted that the word "Imperial" is commonly applied in India to the Central Government to distinguish it from the Governments of the Provinces. To avoid ambiguity, this special sense of the term will be indicated by inverted commas.

to maintain the gold exchange value of this silver currency in times of pressure, there has been built up a large sterling reserve, known as the Gold Standard Reserve, held for the most part in London. Fourthly must be mentioned the fact that the Budget of the Government of India includes also the transactions of the local Governments, the revenues enjoyed by the latter being mainly derived from sources of income which are shared between the Government of India and themselves. Generally speaking, certain heads of revenue, such as the land revenue, excise, stamps, income-tax, and the profits from productive irrigation works, are divided between the provinces and the Central Government. On the other hand, the Provincial Governments take the receipts from forests, registration, and ordinary public works, from police, education, medical services, courts and jails. The Government of India takes the revenue from opium, salt, customs, mints, railways, posts and telegraphs, military receipts and tributes from the Indian States. From these incomings the Government of India are mainly responsible for the charges of defence, railways, posts and telegraphs, interest on debt, and the home charges.

The provinces from their income are responsible for the expenses connected with land revenue and general administration, forests, police, courts and jails, education and medical services. On the other hand, charges for irrigation and ordinary public works are common to both Central and Provincial Governments. Fifthly, we should note that a very large proportion of the revenue of the Government of India is derived not from taxation but from such sources as land revenue, opium, railways, forests, and irrigation.

India's War Finance.

With this prelude we can proceed to that general sketch of war finance which is an essential introduction to the financial problems with which the Government of India has been faced during the period under review. When war broke out, there occurred in India, as elsewhere, a general dislocation of trade and finance. There was a serious run on the savings bank deposits, and some panic encashment of currency notes. There was also a consi-

Budget of the Government of India for 1918-19.

General Statement of the Revenue and Expenditure charged to Revenue, of the Government of India, in India and in England.

Revenue.

	Accounts, 1916-17.	Revised Estimate, 1917-18.	Budget Estimate, 1918-19.
	£	£	£
Principal Heads of Revenue—			
Land Revenue	22,041,265	21,611,100	22,798,600
Opium	3,160,005	3,068,500	3,191,800
Salt	4,826,260	5,472,800	3,492,200
Stamps	5,776,696	5,745,000	5,938,000
Excise	9,215,899	10,076,800	10,647,000
Customs	8,659,182	11,204,200	10,814,400
Income Tax	3,772,967	6,075,800	6,333,200
Other Heads	3,655,196	3,828,000	3,870,700
Total Principal Heads	61,107,470	67,082,200	67,085,900
Interest	1,136,504	2,245,300	3,552,600
Posts and Telegraphs	4,174,607	4,492,100	4,782,800
Mint	689,866	530,700	376,000
Receipts by Civil Departments	1,739,713	1,926,700	1,956,100
Miscellaneous	847,530	2,599,900	1,295,200
Railways: Net Receipts	21,313,797	24,051,600	22,983,700
Irrigation	5,155,624	5,174,700	5,320,400
Other Public Works	309,373	318,900	304,900
Military Receipts	1,575,946	1,502,200	1,532,700
Total Revenue	98,050,430	109,924,300	109,190,300

General Statement of the Revenue and Expenditure charged to Revenue, of the Government of India, in India and in England—contd.

EXPENDITURE.

——	Accounts, 1916-17.	Revised Estimate, 1917-18.	Budget Estimate, 1918-19.
	£	£	£
Direct Demands on the Revenues	9,328,668	9,950,300	10,454,800
Interest	1,174,864	7,797,500	7,784,300
Posts and Telegraphs . .	3,441,387	3,599,000	3,931,400
Mint	167,411	179,800	170,000
Salaries and Expenses of Civil Departments.	19,081,230	20,936,800	23,164,300
Miscellaneous Civil Charges .	5,414,272	5,894,800	5,671,500
Famine Relief and Insurance .	1,000,000	1,000,000	1,000,000
Railways: Interest and Miscellaneous Charges.	13,831,922	13,876,800	13,782,000
Irrigation	3,549,912	3,732,800	3,928,700
Other Public Works . .	4,618,535	5,122,500	6,057,700
Military Services . . .	26,566,757	30,284,700	30,532,700
TOTAL EXPENDITURE, "IMPERIAL" AND PROVINCIAL.	88,174,958	102,375,000	106,477,400
Add—Provincial Surpluses: that is, portion of allotments to Provincial Governments not spent by them in the year.	2,397,302	2,068,900	572,600
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	...	*231,200*	*441,200*
TOTAL EXPENDITURE CHARGED TO REVENUE.	90,572,260	104,212,700	106,608,800
SURPLUS .	7,478,170	5,711,600	2.581,500
TOTAL .	98,050,430	109,924,300	109,190,300

derable demand for the remittance of money to London; and to maintain the exchange value of the rupee, sterling drafts on London to the extent of £8¾ millions had to be sold between August 1914 and January 1915. This temporary want of confidence, though it soon passed away, left as a legacy £14 millions of debt, of which £7 millions was met from the gold standard reserve, and £7 millions raised in India Bills by the Secretary of State. The vital problem during this period was the consolidation and conservation of India's resources. Very little could be done in the form of direct financial assistance to the Mother-Country, but such indirect assistance as could be given was given. During 1915-16, the home borrowings for capital expenditure were reduced from an estimated sum of £5½ millions to about £2 millions, and £3 millions of the borrowing from the gold standard reserve were paid off. So far as possible, India abstained from drawing on the resources of the London market, and set herself, by the curtailment of expenditure, to meet possible military contingencies.

By the autumn of 1915, the effects of the first dislocation had passed away. A considerable demand, mainly arising from war conditions, made itself felt for the products of India, with the result that the export trade, which had been seriously curtailed, began to show a marked and growing revival. This made possible not only a continuance of the policy of abstaining from borrowing in London, but also the imposition of additional taxation in India. Accordingly, in the Budget of 1916-17, the Government of India strengthened its position by a programme of taxation which included the revision of the import tariff, save as regards the important item of cotton piece goods: the imposition of new duties on the export of jute and tea: a small addition to the salt tax: and the enhancement and graduation of the income-tax. No fresh borrowing was done in England, and the £7 millions of India Bills, referred to above, were paid off, as well as the £4 millions still owing to the gold standard reserve. Accordingly in 1917-18, India felt herself strong enough to take the step, for which she had always hoped, of making a direct pecun ary contribution towards the cost of the war. The additional taxation imposed in the previous year had materially

added to the strength of her finances, while the insistent demand for her exports made it clear that there would be no prejudicial effect on exchange if a large amount were borrowed for the purpose of remittances to London. India was thus able to offer to His Majesty's Government a special capital contribution of £100 millions towards the expenses of the war—more than her entire annual revenue. In order to meet the recurring charges which this offer entailed, additional taxation was imposed. This new taxation took the form of a super-tax on incomes: an increase in the export tax on jute: and a small surcharge on railway goods traffic. In addition the import duty on cotton piece goods was raised to the general tariff rate, while the excise duty on local cotton manufactures was maintained at the lower previous level. This last measure, it may be mentioned had the incidental effect of removing a long-standing grievance arising out of what was regarded in India as an unfair discrimination exercised in favour of Lancashire. It was estimated that the proceeds of this taxation would be sufficient to meet the interest and sinking fund charges, amounting to £6 millions a year, on the £100 millions contribution, and to leave a small surplus in 1917-18. As a matter of fact, the revenue results of the year turned out to be considerably more satisfactory. Agricultural conditions were exceptionally favourable; as a consequence, railway profits broke all previous records, and despite difficulties in respect of coal, deterioration of rolling stock, permanent way and the like, exceeded the estimate by £3·7 millions. Further, although trade had been restricted in volume owing to war conditions, the high prices of commodities liable to *ad-valorem* duty more than made up for the decline, with the result that customs yielded £1·7 millions more than had been expected. Again, the raising of the rate for Council Bills, which will be discussed later, led to a net gain by exchange of £3 millions, while the salt revenue exceeded the estimate by £1½ millions. As a result of this and minor increases, there was a betterment of income during the period under review of over £12 millions. On the other hand, military expenditure entirely due to the

Financial Features of 1917-18.

war exceeded the estimate by nearly £3 millions. There was a material increase under other heads also, specially political charges, which included expenditure in Persia, and the cost of the militia employed on the North-West Frontier. The net result was an "Imperial" surplus of £8 millions.

The beginning of the calendar year 1918, witnessed the German offensive in the west, when the Central Powers were making their last and greatest endeavour to break our line in France. The peril had the effect in India of calling forth more strenuous efforts in men and materials, and until the end of October 1918 there was a period of great and widespread activity. The value of the external trade of India during this period was bigger than in either of the two previous years, the export of food-grains, tea, and gunny bags being evidence of India's material help to the Allied countries, while the imports of sugar and textiles indicated the high prosperity which she reaped in return. Between April and December 1918, the total value of Indian sea and land customs revenue excluding the salt revenue, amounted to some £9 millions. The railway revenue expanded and at one time it looked as if trade remittances through the Secretary of State would be even heavier than the figures for 1917, which had constituted a record. Prices remained high, and there was much speculation based on the expectancy that this tremendous energy would continue. In September 1918, it was recognised that the prolongation of the war justified India's taking a larger share in the cost of the military forces raised in the country, and in consequence liabilities were assumed which, as it has turned out, have resulted in an addition of £12·7 millions to the military expenditure for the year 1918-19. Meanwhile the armistice came. Imports of all kinds declined sharply. Panic fell upon the cloth-market and prices came tumbling down. There was a complete cessation of trade remittances to India, with a significant reaction on the Government exchequer. Near the end of October 1918, the Secretary of State stopped selling Bills, and the large exchange profits which a 1*s.* 6*d.* rupee had been yielding to Government were lost. Further difficulties were

Effect of the Armistice.

caused by the unfortunate agricultural situation over a large part of India. Owing to the faulty character of the monsoon, the agricultural record of the end of 1918 was an unhappy one. Famine was declared in certain parts of Bombay and scarcity in certain parts of the United Provinces and the Central Provinces. Further, the great epidemic of influenza which ravaged India in the autumn, causing a mortality of some six millions, weakened the capacity of the rural population to cope with their ordinary work. It has exercised the most depressing results on industrial efficiency and has besides complicated the task of Famine Relief.

Expectations belied.

The peculiar features of the period under review are reflected in the extent to which the current revenue and expenditure have departed from the Budget estimates presented in March, 1918. Sir William Meyer, the then Finance Member, budgetted for a total "Imperial" revenue of about £74¼ millions, and an expenditure of about £71¾ millions, giving an "Imperial" surplus of rather over £2½ millions. The last figures available suggest as a matter of fact that the revenue will be better by £11 millions, and the expenditure heavier by £18 millions. The year will thus close with a deficit of £4¾ millions, which is principally due to the liability accepted in September, 1918 for the cost of the additional Indian troops. Had this not been undertaken, the transactions for the year would probably have ended in a revenue surplus of £8¼ millions.

Difficulties of Government.

Having thus briefly sketched the outline of India's war finance, we can now proceed to examine the principal difficulties with which Government has been confronted on the financial side during the years 1917-18. These were two in number. In the first place, funds had to be provided on an unprecedented scale for war work in India and in countries where Indian troops were fighting. A large share of this outlay was on account of the British Government, which gave India a corresponding credit in London. The difficulty was to convert this credit into remittances, for gold was unobtainable and silver was exceedingly

scarce. Thus the repayments of India's war advances continued to bank up in London, and were of little help in meeting expenditure in India. As a consequence, currency had to be created; and currency could only take three forms,—notes, rupees, or gold. To issue notes freely without a strong metallic backing would have been obviously unsound, for owing to the customs and prejudices of the Indian producer and artizan, there is a definite limit to the extent to which paper currency can be substituted for coin. To coin and issue India's relatively small stock of gold would have been not only wasteful but also ineffective, for the premium on the metal was sufficient to drive coined gold out of circulation immediately. The only alternative was to provide silver rupees in immense quantities. The steps by which this was done constitute a story of absorbing interest.

Currency Problems.

In the first place, legislative measures were adopted in regard both to the exports and imports of gold and silver. Imports of gold except under license were prohibited after June 29th, 1917, and subsequently powers were taken by Government to acquire all the gold imported into India on or after that date. The object was not to interfere with trade remittances, but to ensure that all gold imported was used to strengthen the Indian currency position in the most effective way. Very considerable imports of gold from Japan and America were brought under the control of the Government of India, with the result that gold reserves were strengthened to the extent of over £12 millions. This gold was paid for by notes issued from the paper currency reserves against the metal there deposited. But the effect of these legislative measures could at most be palliative in the face of the enormous demand for metallic coinage. In the autumn of 1917, the high prices of cotton and the increasing demands for food-stuffs grown in India caused a very serious withdrawal of rupees. In the two months of November and December 1917, Rs. 130 millions were absorbed. The rupee coinage of the year, April 1917 to March 1918, amounted to over Rs. 230 millions. It is further to be noted

Absorption of Silver.

that between August 1st, 1914 and March 31st, 1918, over 270 million ounces of silver passed into circulation—a figure which represents more than 41 per cent. of the entire estimated world production. For this, several reasons can be given. In the first place, for the last two years, Indian produce has been largely absorbed by urgent war requirements, so that the question of cost has been subordinated. Hence the volume of metallic currency required to make the Indian producer part with his goods has been very great. Further, since the imports of foreign manufactures have shrunk considerably, and imported goods have become expensive, the reflow of metallic currency from the country-side to the ports and the commercial centres has been very seriously checked. Again, the uneasiness which resulted from the war has operated to stimulate the practice of hoarding. The insistence of the agriculturist on payment in metal is not unreasonable, in the light of the fact that such payment represents his capital and his wealth, and is protected against deterioration from climatic or other causes. Moreover the banking facilities of India are at present so inadequately developed that it is almost impossible for the larger portion of the population to employ their savings in a productive manner.

Inadequacy of Banking Facilities.

In all India at present there are only about ninety head offices of banks and some three hundred branches. The proportion of towns with a population of over 10,000 in which banks and their branches are situated is only 20 per cent. More than this, in 23 per cent. of the seventy towns with a population of over 50,000, there are no banks at all. A study of the map will show how extremely inadequate at present is the distribution of the banking facilities in India. No lengthy proof is needed of the fact that until extensions are possible, the development of investment in India, with all that development implies, must be very seriously hampered. Had the existing banking facilities of India been more adequate to her requirements, it is possible that some of the problems with which India has been faced during the war might have presented themselves in less serious guise. The importance of

increasing the banking facilities of the country is generally recognized, and an encouraging feature of the last year has been the foundation of the Tata Industrial Bank, which with an authorized capital of £8 millions, probably represents the largest flotation of private capital in the history of banking. The extension of banking facilities will, it is hoped, do something to diminish incentives to hoarding; but the habit is so deeply ingrained that headway against it is bound to be slow.

Effects of demand for coin.

The total result of the demand for coin has been that during the last two financial years 1917-18 and 1918-19, the Government of India has been compelled to coin no less than Rs. 700 millions to take the place of those which have been absorbed. At the beginning of 1918, the silver position was very grave. The Secretary of State continued to purchase as much silver as possible to provide for the coinage of this huge quantity of rupees, but the decrease in the world output of silver, combined with a jealous economy of gold and silver reserves among the Allies and the neutral countries, not only induced a very high price, but also made it impossible to obtain more than a limited quantity in the open market. Meanwhile, the absorption of rupees in India was proceeding with a monotonous regularity. At the end of March 1918, the silver balances available had been brought down to about Rs. 100 millions. It was clear that a serious crisis was impending. As an emergency measure arrangements had been made for the temporary opening of a branch of the Royal Mint in Bombay for the purpose of converting into currency the stocks of gold held in India. As this was not yet in a position to commence operations, a distinctive Indian gold coin, namely a Gold Mohur or 15 rupee piece, was meanwhile coined and put into circulation. The issue of gold coinage helped to restore public confidence to some extent, but in April 1918 the position, particularly in Bombay, was most critical. Cotton prices were very high and rupees were pouring out to finance the crop. Bad news from France brought a run upon the currency office from holders of notes. The reserve of silver dwindled to insignificance, and for several days the maintenance of specie payments hung in the balance. But the mint

responded nobly to the strain; the Controller of Currency scraped together every rupee that could be spared from other parts of India, and the run gradually abated. Every obtainable ounce of silver was poured into the mints, which worked night and day. Yet by the end of the first week of June, the rupee reserve had diminished to a little more than Rs. 40 millions. Meanwhile special measures had been taken to obtain from the United States of America a release of some portion of that country's immense silver reserve. In February 1918, the United States Government arranged to sell India 6 million ounces of silver. When the crisis became more acute in April, they offered another 2 million ounces and by the speedy passing of a Bill subsequently known as the Pittman Act, made it possible to withdraw silver certificates and to borrow from the Treasury the greater part of its dollar reserve of 375 million ounces of fine silver. Early in June 1918 an agreement was arrived at by which the United States Government consented to let us have 200 million ounces of silver on generous terms. Meanwhile the announcement about the middle of April that the United States were arranging to help had a marked effect in relieving anxieties in India. During the critical weeks of May and June 1918 when the balances were very low, Government could not have maintained specie payment had it not been possible to assure the public as to the adequacy of future silver supplies. By the beginning of July 1918, American shipments of silver began to arrive in large quantities, and during the succeeding months, a position of relative safety was gradually reached. By the end of September, the stock of rupees had risen to more than Rs. 120 millions. With October and the commencement of the busy season, absorption once more overtook the coinage, and special measures had to be instituted to improve the mint's output. Despite the difficulties caused by the ravages of influenza among the staff, the output of the mint during December 1918 attained the enormous figure of 83·4 million rupees. This is a world's record, apart from the concurrent outturn of small coinage, amounting to over 100 million pieces in all.

American aid.

Ways and Means.

In addition to the currency crisis, the ways and means problem caused considerable anxiety to the Government of India. In India, this problem is always a double one. It is not only a question as to whether the total resources of Government at home and in India are sufficient to meet the probable calls on them ; it has also to be considered whether the money is where it is wanted. Before the war the difficulty had usually been to find sufficient total resources to meet the capital expenditure on productive works. But within the last few years, the task has been to provide for cash outgoings on an enormous scale in India on behalf of the Imperial and other Governments. These have been repaid to India in London, and the difficulty has been that, except in so far as the Secretary of State could purchase and remit silver—no easy matter with shortage of shipping and limited world output—there has been no method by which the large resources in London could be made available for the pressing needs of the Government of India. In the year 1917-18, the outlay on behalf of His Majesty's Government, including remittances to East Africa, and expenditure on behalf of Australia, the Admiralty, and the Ministry of Munitions, amounted to more than £65 millions. In addition, the Secretary of State's drawings amounted to some £35 millions, inclusive of special allotments to the exchange banks to enable them to finance tea and rice purchases for His Majesty's Food Controller. Funds had further to be provided for the purchases of other foodstuffs, for coinage undertaken in India on behalf of Egypt and for certain other charges amounting to over £10 millions. Thus, special liabilities for what may be called remittance purposes reached in 1917-18 some £110 millions, which is considerably more than the total current revenue. During the year 1918-19, these difficulties continued in an acute form. Sir William Meyer had estimated that, without including any provision for Council drawings by the Secretary of State, the cash outgoings in India, on behalf of His Majesty's Government, apart entirely from those debited to Indian revenues, would amount to about £78 millions. In all, however, the funds provided amounted in 1918-19 to no less a sum than £140 millions.

To meet these huge demands by the ordinary methods was obviously impracticable. The actual purchases of silver by the Secretary of State amounted in 1917-18 to £13·5 millions. Additional assistance of £8·7 millions was obtained by taking power to increase the investments held against the note circulation, and by issuing notes in India against British Treasury Bills. Treasury Bills themselves yielded £29 millions, and £3 millions were obtained as a special loan from the Bank of Bombay. Receipts from purchased silver in 1918-19 amounted to £56 millions, and the issue of currency notes against additional investments to some £25 millions. The balance of the liabilities was mainly made up by borrowing in India.

The War Loans.

The Government of India had undertaken to raise as much as possible of their £100 millions contribution by offering a loan in India. This loan was designed to attract not only persons already familiar with government securities, but also those classes who had not hitherto been in the habit of investing their money. It was divided into four parts. The first was a 5 per cent. War Loan issued at 95, repayable in 1947 with the option to Government of redemption from 1929 onwards, carrying certain rights of conversion of existing Government loans and safeguarded against depreciation by a sinking fund. The second part consisted of 5½ per cent. War Bonds, 1920, and 1922, issued at par free of income-tax and repayable in August 1920 and August 1922 respectively. The third part was a Post Office section of the above issues in which special facilities were given to the small investor. The fourth part consisted of Post Office Cash Certificates free of income-tax and repayable at fixed rates at any time during the five-year period. These cash certificates, it may be mentioned, were introduced as a permanent measure to bring Government into relation with the small investor.

Success of the War Loans.

The flotation of the 1917 War Loan was attended by a vigorous publicity campaign organised by Provincial and District War Loan Committees. The result was a response exceeding the most sanguine

expectation. The 5 per cent. loan yielded £8·3 millions; the War Bonds together yielded £21·2 millions and the Post Office Cash Certificates yielded £6 millions. In all, a total of £35½ millions was obtained. The War Loan of 1918 did even better. This loan was divided into two principal parts. The main section of the loan consisted of 5½ per cent. income-tax-free War Bonds, repayable at dates varying from September 1921 to September 1928, and repayable at a premium in the case of the longer term issues, bringing the real yield thereon to approximately 5⅞ per cent. The Post Office section consisted of the War Bonds just mentioned up to a named maximum limit, and five-year cash certificates. The main section of the loan yielded over £34 million and the post office section about £3·7 million, making a total of £38 millions. In the 1917 loan, the number of investors, excluding purchasers of cash certificates was 155,103; in the 1918 loan the subscribers numbered no less than 227,706. The significance of these figures will be better appreciated when it is remembered that previous to the war the largest rupee loan raised in India of recent years, amounted only to some £3 millions which was distributed among 1,172 investors.

The success of these loans entailed important consequences, immediate and prospective. Although the receipts ultimately went to His Majesty's Government by adjustment between the India Office and the Treasury in London, yet the primary benefit of the money subscribed was obtained in India, and went towards financing the heavy expenditure undertaken on behalf of His Majesty's Government. But in addition, the largeness of the number of those who have subscribed to these loans is a feature full of promise for the future. It is clearly of the highest importance to encourage throughout the country a habit of investment, which will help to divert to fruitful purposes India's sterile hoard of precious metals. If India is to exploit to the full her natural resources, a large outlay of capital, both by Government and by private enterprise, is essential. The best way of finding this capital is by promoting a steady stream of investments within India. Lastly, if investments can be substituted for hoarding, this will minimise India's

demand for future additions to her metallic currency, and help to solve one of the most difficult financial problems at present confronting Government. But it is essential that progress in this direction should go hand in hand with the very necessary development and extension of banking facilities.

Advance in Price of Silver.

A further feature of the financial history of the year 1917-18 has been the advance in the price of silver. This has been already mentioned, but it is important to notice that it involved an alteration in the exchange value of the rupee on the basis of the rates at which the Secretary of State sells his Council Bills. From the beginning of 1916 silver began to break away from its old pre-war level of about 26*d.* an ounce. As it rose, exchange left the standard rate of 1*s.* 4*d.* for the rupee and gradually rose also. In view of the immense coinage of rupees, it was impossible to face a position in which there would be a large premium on the export of the standard coin of the country. It became necessary to fix a sterling exchange value for the rupee which would ensure that Indian coinage would not be smuggled out of India in large quantities. Accordingly in August 1917 the rate for Council drafts was fixed on the basis of 1*s.* 5*d.* for immediate Telegraphic Transfers, and a further increase in the rate was made on the 12th April 1918 to bring it into consonance with the price at which silver was to be supplied by the United States under the arrangements just referred to.

Apart from these enhancements in the rate for Council bills, the stringency of the ways and means position of the Government of India mentioned in a preceding paragraph also made it necessary to reduce the amount of the weekly allotment, and this had the inevitable effect of placing serious limitations on trade. It was, however, necessary to ensure that exports from India of urgent articles for the war should not be handicapped by the inability of the Exchange Banks to provide the necessary finance. The necessity of safeguarding such exports led the Government of India not only to adopt certain measures of control but also to issue a widespread appeal to merchants and others with the object of securing that the financing of these war exports should have the first call upon the funds sent home

by remitters. This appeal was met with loyal co-operation, with the result that the financing of the export of wheat and other foodstuffs, sandbags and other articles which were urgently needed in Europe was carried through successfully. During the course of 1918-19 a relaxation of the earlier stringency gradually set in, and early in July 1918, the weakness of the monsoon and a falling off in the normal supply of export bills seemed to threaten a fall in exchange. Business men with funds in India, which would have to be remitted to England sooner or later, began to consider the desirability of settling their exchange against a possible drop. By October, the wheat export had closed down and the demand for remittances quickened. The sale of Council Bills stopped owing to cessation of the demand for them, and early in November, the Government of India offered to sell telegraphic transfers on London at the rate of 1*s.* $5\frac{3}{32}d.$ for immediate transfer and 1*s.* $6\frac{1}{32}d.$ for deferred transfers. This satisfied the immediate demand for remittance, and by the close of the year, confidence seemed to be restored.

India's Financial Position.

The general financial position of India is extremely strong. At the end of September, 1918, the national debt amounted £370 millions, or about £1-10*s.* per head of the population, as compared with a total public revenue of about £110 millions. This favourable position is largely due to the care with which, in pre-war years, outlay was restricted to available means. When the war began, almost the whole of India's debt represented productive outlay on railways and irrigation, normally yielding a return which exceeded considerably not only interest on the amount borrowed, but also interest on the small debt classified as unproductive. Even after India's £100 millions contribution to the cost of the war, which added over 30 per cent. to the national debt, the revenue from productive expenditure exceeded the total interest charges by 33 per cent. Had it not been for the gift, the ordinary debt would have been completely wiped out in 1917; and in March 1918, the amount of the ordinary debt outstanding was actually £11 millions less than the contribution itself. Nor are these the only facts which

show the strength of India's financial position. The interest on her public debt is not only secured by the revenue from productive works, but is a charge on public revenues as a whole. Examination shows that while the average revenue of the last six years has been £91 millions, the average expenditure has been only £87 millions.

General Economic Situation.

In order to appreciate the general economic situation of India during the period under review, it is necessary to form some idea of the industrial position of the country. An elaborate survey of this position has recently resulted from the labours of the Indian Industrial Commission, to which reference is invited upon many points for the consideration of which space is lacking here. Briefly it may be said that this report shows how little the march of modern industry has affected the great bulk of the Indian population, which remains engrossed in agriculture, winning bare subsistence from the soil by antiquated methods of cultivation. Such changes as have been wrought in rural areas are the effects of economic rather than of industrial evolution. Money has been invested in commerce rather than in industries, and only those industries have been taken up which obviously offer safe and easy profits. Previous to the war, too much reliance was placed on imports from overseas, their habitual use being fostered by the Government practice of purchasing stores in England. While India produces nearly all the raw materials necessary for the requirements of a modern community, she is unable to manufacture many of the articles and materials essential alike in peace and war. For instance, her great textile industries are dependent upon supplies of imported machinery, and would have to shut down if the command of the seas were lost. India, in short, is a country rich in raw materials and in industrial possibilities, but poor in manufacturing accomplishments.

India's Economic Condition in 1917.

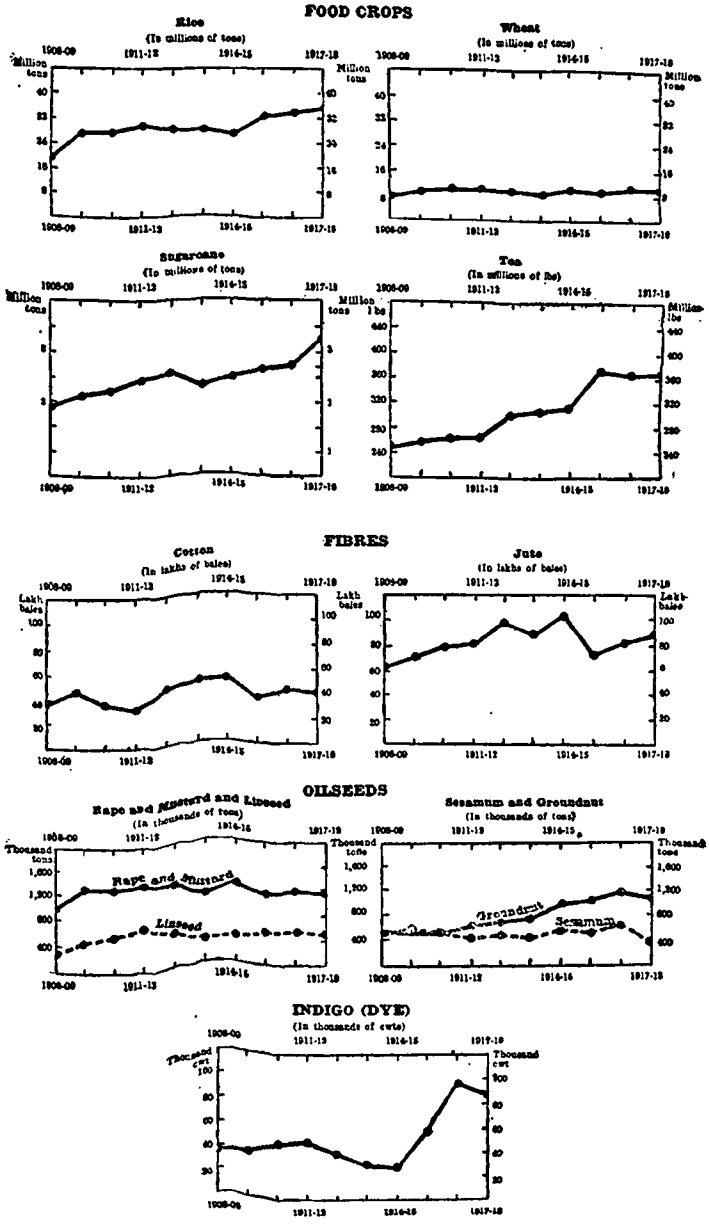
With this foreword, it will now be desirable to indicate briefly the salient features of India's economic history during the period under review. As has already been remarked in

another place, more than seventy per cent. of her population is dependent upon agriculture. Hence the prime requisite in determining the prosperity of the country is a favourable monsoon. In 1917, the year with which this review commences, the monsoon was remarkably vigorous and gave abundant rainfall throughout north-west India. In some places indeed, the heavy and continuous rains adversely affected the growth of some of the autumn crops, such as cotton and indigo. Where good seed-bed was provided for those crops which are harvested in the spring, the turn-out of rice, sugarcane and jute was better than that of the year 1916-17, and was also above the average of the pre-war quinquennium. The outturn of other crops was slightly less than that of the previous year. The diagrams on the opposite page will show the position in the case of each of the principal crops.

But in addition to the monsoon conditions, there have been other factors intimately affecting the economic life of India. The principal among these, of course, has been the war. Broadly speaking, the war has operated in two principal directions. In the first place, the shortage of freight has led to restricted imports of many of those commodities for which India was wholly or in part dependent upon the outside world. In the second place, there has been an enormous demand from Allies and from neutrals for India's own products. The joint effect of these two factors, which dominate the whole economic life of India during the period under review, may be summarised as follows. Money has poured into the country in payment for articles exported, but the supply of things upon which money would normally have been expended has run short owing to the failure of imports. Prices of food, while above pre-war level, were, thanks to a succession of good harvests, far lower than in other countries. On the other hand, the prices of salt, of cotton cloth, and of kerosine, of which the imports were very greatly restricted owing to shortage of freight, rose very high. These high prices were aggravated by speculation, which was assisted by the fact that the natural flow of trade was hampered because railway communications were largely engrossed by military requirements. Another effect of the

(*To face p. 86.*)

Yield of certain principa crops from 1908-09 to 1917-18.



shipping shortage was the anxiety lest certain crops like tea and rice, deprived to a large extent of their natural outlet by the restriction of freight to " vital " food-crops, should remain on the hands of the producers.

Effect upon the People.

The effect of these conditions, which had gradually been increasing in acuteness during the previous three years, made themselves felt in 1917 in the remotest parts of the country. The shortage of shipping, the increasing demands of the military on railway rolling stock, causing an insufficiency of freight for general purposes, re-acted seriously not only upon the economic life of the town dwellers, but also upon the ordinary transactions even of the remoter villages. In the country districts, grain merchants were unwilling to buy their usual quantities of corn; cultivators found themselves unable to market their produce. The harvest was good, and the absence of transport kept the price of foodstuffs low. But the prices of all the ordinary commodities, such as spices, oil, cloth, kerosine, and salt, were raised to abnormally high figures by shortage of supplies and the profiteering of the large dealers who controlled the market. Disturbed economic conditions naturally produced their effect in agrarian unrest. Mention has already been made of cases of market-looting, necessitating repressive measures by several local Governments. There were, however, two manifestations which call for more detailed notice, on account both of the attention they attracted in the Press, and the light they throw upon the growing response of the agricultural classes to the stimulus of changing conditions. In another connection, reference has been made to the visit of Mr. Gandhi to Champaran in Bihar to enquire into the grievances of labour employed in indigo cultivation. These grievances arose out of an alleged right on the part of the planters to compel each of their tenants to devote a certain proportion of his holding to the cultivation of indigo. The system proved unsatisfactory in its workings from the tenants' point of view, and its commutation by various devices led to disputes which estranged many tenants from their landlords. Attempts

In the country side.

at compromise having broken down, considerable local excitement resulted, and Mr. Gandhi, accompanied by some supporters, made a tour of the district, urging the cultivators to secure the redress of their grievances by embarking on a policy of passive resistance. The question had already attracted the attention of the Local Government which was only awaiting the conclusion of the operations of the Settlement officers to evolve a solution of an admittedly difficult problem. But the unrest caused by Mr. Gandhi's visit led them to anticipate their programme and to appoint a small committee, with Sir Frank Sly as President, and Mr. Gandhi as one of the members, to hold a public enquiry into agrarian conditions. Remedial measures were found to be necessary, and were subsequently given effect to in the Champaran Agrarian Act (Bihar and Orissa Act I of 1918). Unfortunately, the tenants, while enthusiastically following Mr. Gandhi's lead in a "no rent" campaign which was to last until their grievances had been redressed, displayed no such enthusiasm when he assured them that the justification for passive resistance had passed away. In consequence, arrears of rent mounted up, and proceedings for recovery led to bitter feeling. Another incident deserving of mention occurred later in the year 1917 in the Kaira district of the Bombay Presidency, where the crops had suffered damage owing to late rains and the depredation of rats. Such suspensions of land revenue as were admissible under existing rules were given, but a demand for immediate remissions not contemplated by the rules, and further suspensions arose, based upon the contention that the official valuation of the crops was incorrect. Here again Mr. Gandhi headed a passive resistance movement in the cause of agrarian interests. Landholders were encouraged to withhold payment of their dues, and when willing to pay, were dissuaded from doing so. The Bombay Government and its local officers took up a firm attitude: but on the Viceroy's appeal for a sinking of domestic differences and a cessation of political propaganda, it was decided to make some concessions with a view to ending the dispute. Not only were the more rigorous provisions for the recovery of arrears relaxed, but in addition recovery was

foregone in cases of ascertained poverty. Mr. Gandhi on his side then urged the people to pay up. The passive resistance movement thereafter died away, and by the middle of 1918, over 98 per cent. of the land revenue demand had been realised.

The tendency of agrarian interests to organise as a protest against existing economic conditions found a reflection in the behaviour of city-dwellers.

In the towns.

In the large towns, the shortage of transport and consequent limitation of supply, tended to raise the price of foodstuffs more rapidly than in the country districts, while the price of other commodities steadily increased. As a result, the position of the labouring classes became markedly worse. This was particularly noticeable in great industrial centres like Bombay, where throughout 1917 economic conditions led to a series of strikes designed to secure a general increase of wages. Railway operatives, mill-hands, domestic servants, postmen,—even golf-caddies—underwent the strike infection, with the general result that an all-round increase of from 10 to 30 per cent. in the wages of labouring classes and of menials took place during the year. These increases were very striking in the case of the textile industry. In 1917 wages in the Bombay cotton industry were increased by 10 per cent. and at the close of the period under review, were raised again by the same proportion. Other parts of India followed suit. In the Bengal Jute Mills, for example, an advance all-round of 10 per cent. in workers' wages was agreed upon. Though the grievances of labour were as a rule promptly and considerately met, there was throughout the whole period under review a considerable amount of labour unrest, which caused anxiety to the local authorities, and in at least one instance, referred to in another place, hampered the output of necessary munitions.

The year 1918.

Nor did this condition of affairs show any signs of passing away, as the period under review drew on, for with the beginning of the year 1918, certain complicating factors were introduced into the

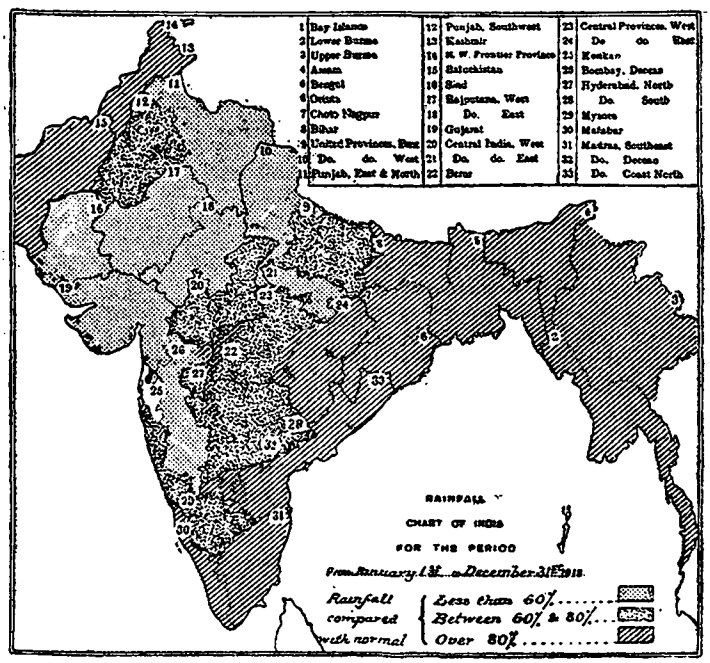
general situation. The beginning of the year witnessed both the great German offensive in the west, and the Prime Minister's call on India to rally again to the assistance of the Empire. The raising of a large additional body of Indian troops involved heavy expenditure in many directions, and the provision of the necessary munitions of war called for the output of every possible exertion by Government. The activities of the Indian Munitions Board, which have been more fully described elsewhere, were re-doubled in every direction. Army clothing factories were expanded; the production of ordnance factories was increased; closer control was exercised over stocks of imported articles still available in India. The purchase of all foodstuffs and other articles for the use of troops was closely supervised. Thus the first part of the year 1918 was a period of great and widespread activity. But unfortunately the world factors responsible for high prices were shortly supplemented, so far as cereals were concerned, by the agricultural situation which began to develop over a large area in India.

The Monsoon.

The monsoon of 1918 was exceptionally feeble through northern and southern India. The average rainfall was 19 per cent. in defect of normal, and prolonged breaks affected the area and yield of the principal crops. Scarcity was declared in various parts and began to influence adversely the poorer classes of the population. The extremely heavy ravages of influenza increased the distress. Fortunately the comparative immunity of India from widespread famine during the previous ten years and the excellent harvests which had been realised since the beginning of the war, had placed the agricultural community in an unusually strong position. Nonetheless, from the middle of 1918 onwards, suffering began to make itself felt. As in 1917, sporadic rioting accompanied by the looting of markets, broke out among the rural population in certain parts of India. The situation demanded and received the prompt attention of Government. It was indeed supremely fortunate at this time that the necessity for the exportation of large quantities of foodstuffs to the Allies began to diminish owing to the approach of armistice conditions.

(*To face p. 90.*)

Rainfall Chart of India 1918.



The task of Government.

Arising out of the economic state of India during the period under review, the task before Government has been two-fold. In the first place, it has been necessary to stimulate the production of commodities essential for the prosecution of the war, and to secure their arrival at the places where they were most required. Reference is made in Chapter I to the work done for the Empire in this connection. But in the next place Government was called upon to do what it could to remedy the dislocation of trade and the general distress arising out of war conditions. In India, as elsewhere, it has been found necessary to interfere frequently with the normal course of trade in pursuance of one of three aims—to satisfy the needs of the country : to satisfy the needs of the Empire and of the Allies : and to hamper the enemy. Of the third it is only necessary to say that it consists in a complete prohibition of trade with enemy countries and a very strict control of trade with neutral countries adjacent thereto. These restrictions are still in force at the time of writing and their relaxation depends upon the decision of the Peace Conference. Of the steps which have been taken to satisfy the needs of Great Britain and the Allies, mention is made in another place. But it is now necessary to say something of the interference with the normal course of trade which has been undertaken in order to satisfy India's own requirements. The shortage of shipping had resulted during the year 1917 in a rise in the price of certain commodities in common use by all classes of the population. Owing principally to the curtailment of normal imports of foreign salt, the price of salt rose very high in the winter of 1917-18. Power was taken by Government to regulate, restrict, or prohibit, the use of salt from the salt sources under its control, in order to limit the activities of speculators. At the same time every effort was made to increase the output of salt from Indian sources, with the object of making the country less dependent upon foreign supplies. Power was also taken to control the sale of salt, and to impose a maximum price where necessary. Salt depots were opened in several provinces, and salt was distributed through them

Salt.

to the public at reasonable prices. As a consequence of Government's action, the price of salt fell substantially, in many places, some relief being afforded to the poorer classes of the community.

Cotton Cloth.

Another example of successful interference by Government is supplied by the case of cotton cloth. Owing to the high price of raw cotton throughout the world, the high cost of manufacture of imported cloth, and the reduction in the volume of British manufacture available for the general public, the dearness of cotton cloth began to press very heavily upon the masses in 1918. Government took powers in the first place to prevent wild speculation in raw cotton by regulating forward contracts for the purchase or sale of the next cotton crop, and by substituting for the old annual settlement in April, which caused widespread financial disturbance, a more civilised system of fortnightly settlements. In the second place, Government provided for the standardisation in India of the cloths used by the poorer classes, and for their manufacture and distribution under control. Here also state interference helped to produce a fall in the price of the commodity concerned. This tended to relieve the poorer classes, and up to the end of the period under review, it had been found unnecessary to put into active operation the powers assumed by Government for the manufacture and distribution of standard cloth.

But despite everything that the authorities could do, the close of the year 1918 was a period of severe suffering for the poor. As in 1917, the discontent of the town-labourers revealed itself in strikes; and serious dislocations of industry occurred in Bombay and Madras among mill-hands and transport workers. Not understanding the reason for the privations they were suffering, the poorer classes expected Government to coerce traders into reducing their prices. On the whole, there were few disturbances, and conditions of exceptional hardships were borne with extraordinary resignation. Fortunately, there was no apparent lack of employment.

It was not only the sufferings of the lower classes which called for the intervention of Government. Relief was demanded and afforded in two important instances where shortage of shipping had threatened to react seriously upon the trade in commodities not held to be of vital importance. In the case of tea a scheme was inaugurated for the purchase in India and Ceylon of the full civil and military requirements of the United Kingdom. The Food Controller originally contracted for 40 per cent. of the Indian crop, but ultimately contracted for 25 million lbs. in excess of this, and finally took all the tea that was offered in order to fill the available tonnage. The quantity of tea exported during 1917-18 was the highest on record—359 million lbs., representing an increase of 23 per cent. over the previous year and 35 per cent. above the pre-war average. In regard to rice also, a somewhat similar arrangement was made. At the end of September 1917, there remained in Burma about one million tons available for export. The new crop was expected to be abundant, prices dropped to an exceptionally low level, and a very serious glut in the market seemed inevitable. But arrangements were made with the Royal Commission on Wheat Supplies to buy the Allies' requirements of rice, estimated at one hundred thousand tons monthly, from Burma. The result of this was an appreciable rise in the market, and the purchase of a very heavy proportion of the 1917-18 crop. It may be mentioned that with the cessation of hostilities and the serious local shortage of foodstuffs which marked the close of 1918, the machinery set up for the purchase and shipment of rice to the Allies was applied to the relief of distress in India.

Tea and Rice.

Internal Transport.

The question of internal transport caused Government acute anxiety. So large a proportion of the existing railway facilities, seriously depleted as they were by the wear and tear of three years of war, was occupied by essential military requirements, that the problem of allotting to civil needs the small proportion still remaining available was an extremely difficult one. At the beginning of the period under review a Controller of

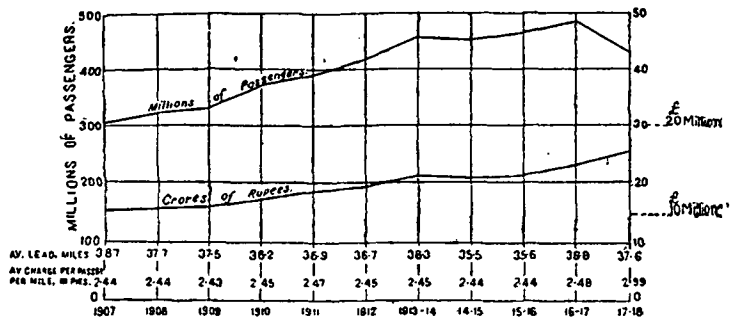
Traffic had been appointed to deal with the acute situation caused by the great expansion of military movements, the conveyance of supplies and stores for overseas, and the munitions traffic. Additional difficulty was caused by the shortage of coal, to which reference is made elsewhere. A list of commodities was drawn up in order of priority to afford a guide to railway administrations as to the relative claims of different classes of traffic, at times when they could not deal with all that was being offered. At first these methods proved fairly effective, but later on it was found advisable to appoint a Central Priority Committee to ensure a comprehensive treatment of the situation. In April 1918, it became necessary to appoint Directors of Supplies, who were empowered to grant certificates in respect of articles required on civil account, which gave priority for those articles over ordinary uncertificated traffic. Soon afterwards, the task of regulating traffic, and holding the balance between military and civil demands, was taken up by the Communications Board started as a result of the Delhi Conference. Into this the Central Priority Committee was merged and its work taken up with increased vigour.

As will have been gathered from the foregoing, the whole period under review has placed a great strain upon the Indian railway system, which, in addition to discharging India's own requirements, has had to supply staff and materials for the construction and working of military railways in Mesopotamia and other theatres of war. The importance of Indian railways to the general economic life of the country may be gauged from the fact that in the year 1917-18, the gross earnings of State and Non-State lines amounted to more than £51 millions—an increase of about £4 million over the previous year. Their net working profit was more than £10 millions. This was principally due to the larger movements of troops and military stores. The strain on railway transport resulted in a reduction of the passenger service, but on the whole it was remarkable how little inconvenience was caused to the travelling public, although fares were enhanced in order to discourage unnecessary travelling. Considerable anxiety has been caused throughout the whole period

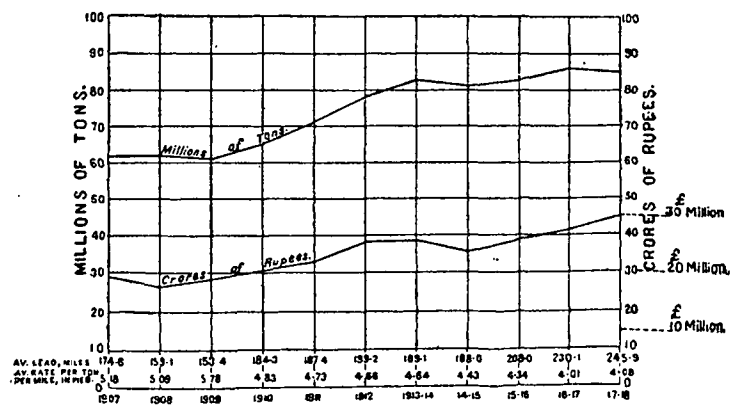
The Railways.

(*To face p. 95.*)

The numbers of passengers carried and the earnings therefrom on all Indian railways are compared below :—


MILLIONS OF PASSENGERS.
Millions of Passengers.
Crores of Rupees.
£ 20 Million
£ 10 Million
AV. LEAD, MILES
AV CHARGE PER PASSR PER MILE, IN PIES.
1907 1908 1909 1910 1911 1912 1913-14 14-15 15-16 16-17 17-18

The tonnage of, and earnings from, goods traffic are compared in the following diagram :—


MILLIONS OF TONS.
CRORES OF RUPEES.
Millions of Tons.
Crores of Rupees.
£ 30 Million
£ 20 Million
£ 10 Million
AV. LEAD, MILES
AV. RATE PER TON PER MILE, IN PIES
1907 1908 1909 1910 1911 1912 1913-14 14-15 15-16 16-17 17-18

by the deterioration in equipment, owing to the scarcity of materials for the maintenance of railway works and rolling stock. With the cessation of hostilities it has been found possible to resume a far-reaching programme of railway development, but it is estimated that a long time must elapse before Indian railways can be brought up to the pre-war standard of efficiency. The difficulty of obtaining materials has resulted in efforts being made by Indian railways to render themselves more self-supporting, which will certainly have advantageous results for the future. Statistical results of the workings of the railways during recent years are shown in the appended diagrams.

An important event of the year 1918 has been the discussion of the future system of management of railways in India. In the main this discussion has centred round the question, which has been so strenuously debated and is now so prominent in several countries, of State and company management. In India however this question has a special aspect, seeing that already the great majority of the lines are owned by the State and under its contracts with the companies to whom they are leased for management the State has extensive powers of control. Under Indian conditions again there is the special factor that at present the companies to whom the main lines are leased for management are domiciled in England and the question arises whether in the event of the present system of State ownership and company management being continued it would not be better to have Indian companies with Boards in India. These matters have been reported on to the Secretary of State and are now under his consideration.

Coal.

The question of railway transport is intimately bound up with the supply of coal, and in November 1917, it was found necessary to appoint a Coal Controller to take charge of the production and movement of coal. India has the cheapest coal in the world, owing to thick seams at shallow depths, and the cheapness of labour. But this latter influence has largely prevented the use of machinery and efficiency methods, besides making production very dependent upon the condition of the unskilled labour

market. The labour difficulty came prominently to the fore during the period under review, for the supply was strictly limited through the competition of favourable agricultural conditions, chiefly due to the excellence of the monsoon of 1917. This resulted in a diversion of labour from seams producing higher grade coal to more easily worked seams producing coal of an inferior quality. The demand for coal of the best quality was very great not only in India but outside it. It therefore became of the utmost importance to check the production of inferior coal, which involved a large economic loss in transport, and to stimulate the production of the better coal so urgently required for railways and for the Indian Marine. This work was undertaken by Government, through the Coal Controller already mentioned. The system bore somewhat heavily upon many collieries, which found the price of coal restricted, while the cost of production went soaring upwards; but the necessity for the measures adopted was generally recognised, and the coal industry, by its patriotic attitude, greatly assisted Government in relieving the situation. An idea of the magnitude of the Indian coal traffic and of the difficulty of the situation to be met, may be gained from the fact that 40,000 waggons were permanently required to deal with coal transport. In the existing condition of the shortage of railway materials, this figure represented at least one-third of the whole supply of waggons in the country.

It should be noticed that the utilisation of mechanical transport in India for military and other purposes has progressed steadily during the period under review. This move was of some service in relieving the congestion of the railways, and will probably admit of enormously increased developments in the future. It should further be noticed that in the matter of mail transport, the replacement of horse-driven vehicles by motor-cars is being steadily effected. On several long lines the mails are already being carried by motors, and with the increased development of Indian roads, it is to be hoped that the system will be largely extended. The utilisation of aerial transport is a question which has been for some time

Mechanical and Aerial Transport.

under the consideration of the Government of India, and it is expected that within a few years, a regular air service will exist throughout the country. Suitable routes are already being prospected, and with Government assistance it is hoped that commercial aviation with all its attendant advantages will shortly develop. That there is a great future before mechanical and aerial transport in India is certain. The popular demand for communication-facilities between different parts of the country is steadily growing. Of this an index is afforded by the unchecked increase, despite war-difficulties, of the traffic handled by the Posts and Telegraphs Department. While the Post Office of India is still at the beginning of things, and there is unmeasured room for future developments, the number of postal articles handled during 1917-18 was 1,150 millions, an increase of more than 2 per cent. upon the previous year. Telegraph traffic is developing yet more rapidly, the number of messages transmitted in 1917-18 being 20 million as against 16 million in 1914-15. There is also a widespread demand for long distance telephones, connecting the main centres of industry. Up to the end of 1917 there were only three such lines ; but since the cessation of hostilities it has been possible to commence laying down long distance lines in other parts of the country. The possibilities before this development are incalculable, and its effects may well modify the entire character of official, as well as commercial, methods.

The Posts and Telegraphs.

The necessity of devoting attention to the improvement of communication facilities of every kind was plainly demonstrated by the history of the last few months of the period under review.

With the failure of the monsoon of 1918 and the consequent occurrence of local shortage threatening to develop into famine, the anxieties and activities of Government in the matter of transport were redoubled. During July 1918, a conference of the Directors of Civil Supplies and of the Railway authorities was convened to concert measures of a precautionary character. As a result, improvements were effected in the system of priority certificates. It soon become evident, however, that no mere adjustment of

Crisis of 1918.

existing transport facilities inadequate as they were would of itself suffice to cope with the situation. Accordingly, Government took other steps. The Secretary of State was informed that India could no longer continue to purchase and export wheat and other food stuffs except those which were urgently required for Mesopotamia. Arrangements were made through the Home Government for a programme of purchases from Australia to tide over the period until the spring crop was harvested. The export of food grains from India was prohibited except in very small quantities for exceptionally strong reasons. So far as the internal trade of the country was concerned, steps were taken to enable the surplus production from provinces which had not suffered to be placed at the disposal of tracts which had been seriously affected, but here again the task of relief was complicated by inadequacy of transport. It may also be mentioned that agricultural loans were offered on a generous scale to relieve the distress of the cultivators.

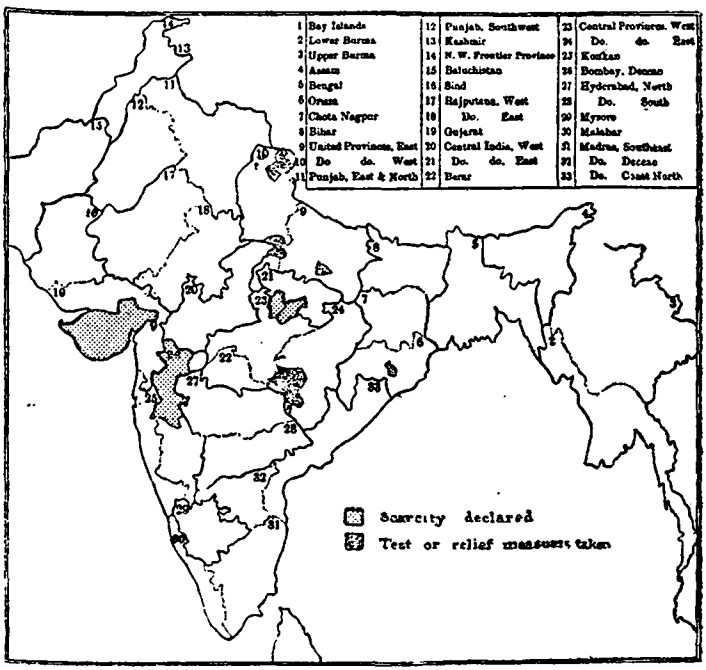
Indian Trade.

Having thus briefly indicated the general financial and economic background of the year 1917-18, we may now turn to a consideration of Indian trade during the same period. For a detailed analysis of the features of the year ending March 1918, reference is invited to a publication of the Department of Statistics, entitled "Review of the Trade of India." It will be sufficient here to give the barest indication of the principal tendencies.

Thanks to the unusually good monsoon of 1917, it had been possible in that year to export large quantities of munitions of war to the United Kingdom and the Allies. Goods to the value of some £85 millions and £60 millions were sent to different parts of the Empire, and to the Allies, respectively. As compared with last year, exports for 1917-18 decreased in value about 1 per cent., and in volume no less than 9 per cent. On the other hand, imports rose in value by 18 per cent., while decreasing in volume just 23 per cent. War-time prosperity led to considerable industrial activities; and, considering the

(*To face p. 98.*)

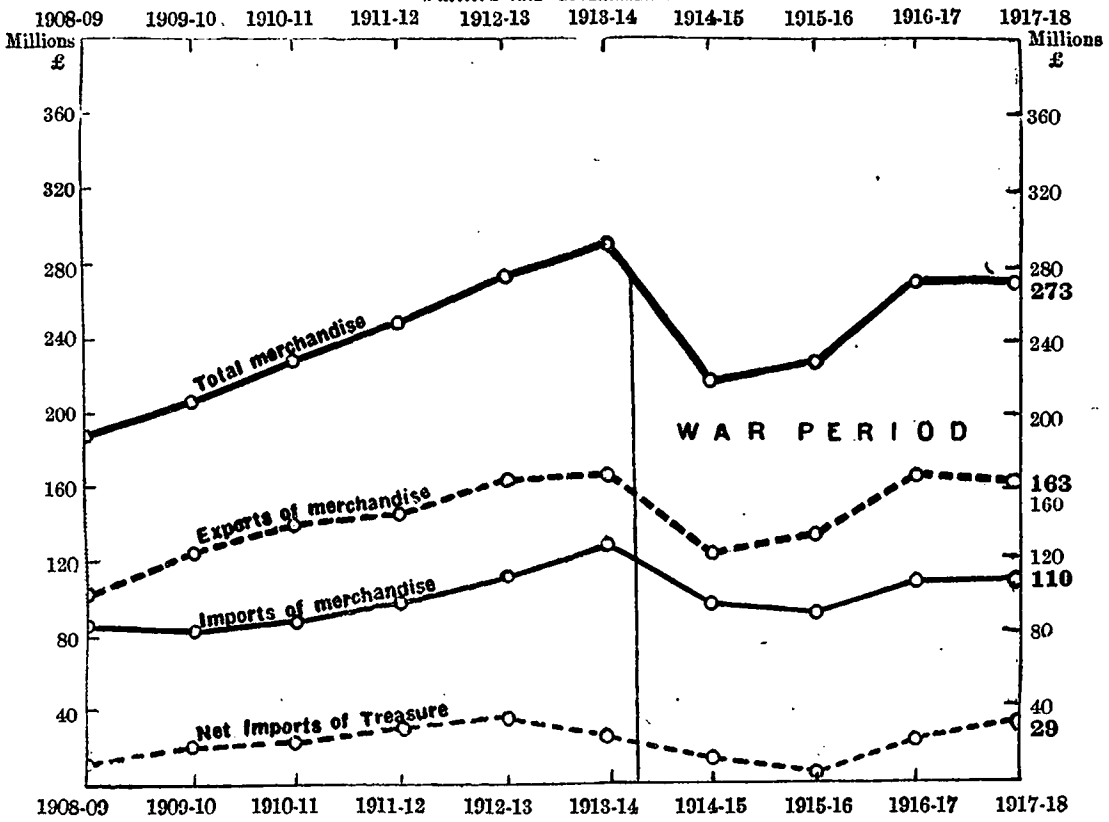
Scarcity Chart of India 1918.



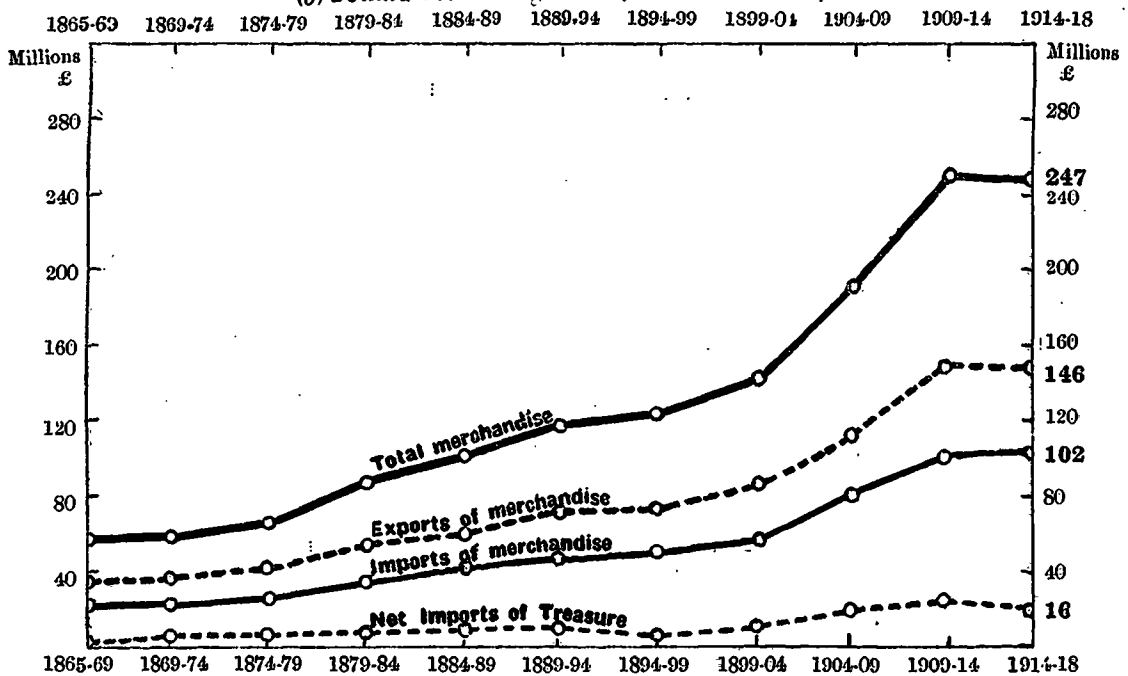
I. THE FOREIGN SEA-BORNE TRADE OF INDIA

(*a*) IN A DECADE (1908-09 TO 1917-18)

(PRIVATE AND GOVERNMENT)



NOTE.—Imports and Exports include both private and Government (See footnotes.)



NOTE.—Imports and Exports include both private and Government (See footnotes.)

NOTE.—1. In chart 1(*b*) the curves for 1865-69 and 1914-18 are based on averages for four years, the remaining curves are based on averages for five years.

2. Total merchandise includes Imports and Exports, both private and Government.
3. Imports of merchandise are inclusive of Government stores.
4. Exports of merchandise are inclusive of re-exports and Government stores.
5. *Net* imports of treasure are the imports *minus* the exports of gold and silver, both private and Government. The exports of treasure are ordinarily very much less than the imports.

restrictions prevailing upon exports and the difficulties of freight and finance, the trade returns of the year were surprisingly good. Prices of industrial securities and shares showed a general increase, although the announcement of the Excess Profits Tax caused dullness during the last four months of 1918. There was a steady market for coal, jute and tea shares during the whole of the year, and an extraordinarily active market in industrial enterprises arising out of war restrictions on imports. Opportunities for manufacturing locally articles formerly imported were eagerly embraced, and money was forthcoming in abundance for financing such projects. Whether these schemes will continue to be successful when imports once more freely enter the country is a question which is agitating the minds of many persons at present; but the consensus of expert opinion seems to be that in the majority of cases, the indigenous articles will be able to meet competition successfully. Up to the end of October last, there was a very quiet market in Government securities, and in May 3½ per cent. paper fell as low as 64. As the fortunes of war changed, there were symptoms of improvement, and in October and November there was a sharp recovery. The outstanding feature of the year was the issue of 5½ per cent. War Bonds, free of income-tax, maturing in 1921, 1923, 1925, and 1928. Since the close of hostilities these have become fairly popular, but only the 1928 bonds have so far risen to a premium.

Stocks and Shares.

India's largest import is *piece-goods*, and in the year under review there was a decrease in quantity coupled with a general increase in value. The share of the United Kingdom in grey goods decreased to 87 per cent. from the pre-war average of 98 per cent. In coloured goods, the decrease was much smaller, namely from 93·5 per cent. to 91·8 per cent.; while that of white goods increased from 98 to 98·8 per cent. Indian mills showed an increase in the production of finer varieties of cotton fabrics, particularly coloured goods, and also an increase in the production of high counts of yarn spun. Japan considerably increased her share in the marts of

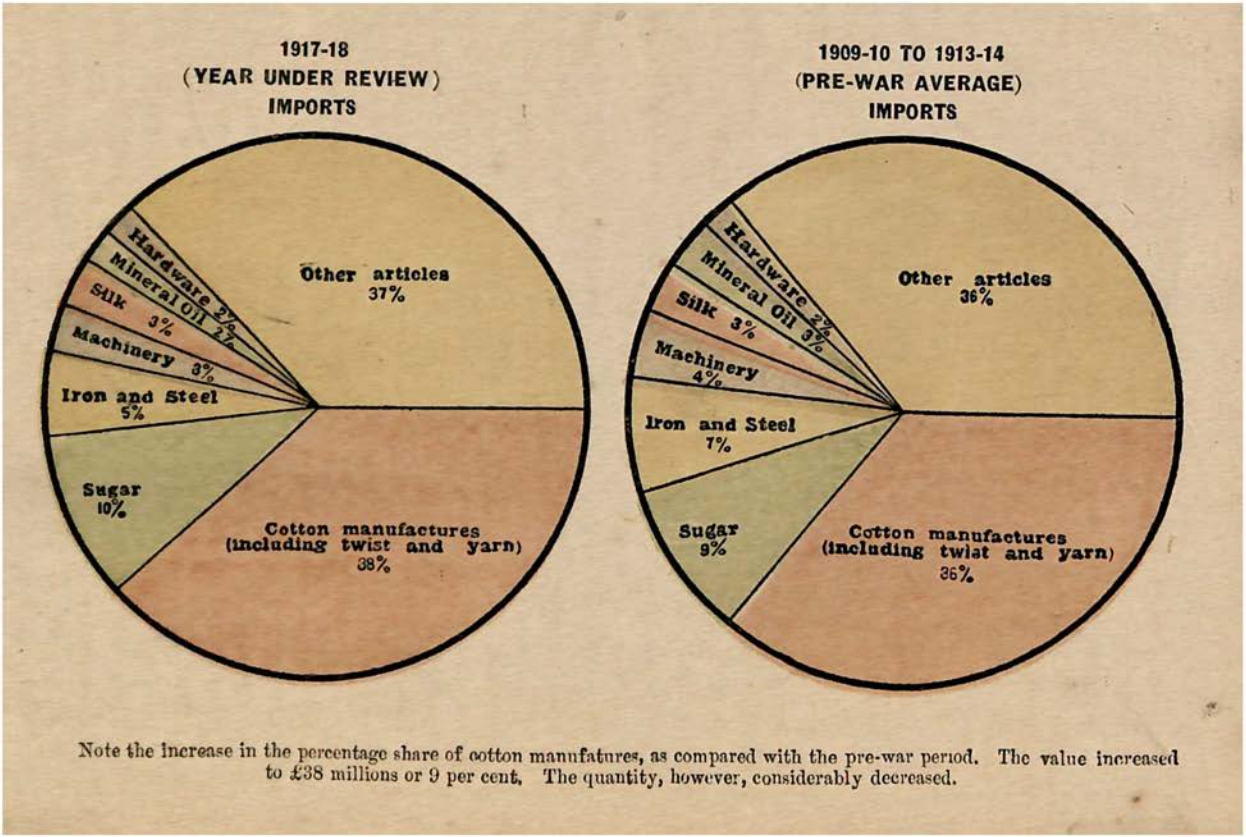
Imports.

cotton piece-goods and in 1917-18, she sent to India thirty times her average of the pre-war period.

Next to piece-goods, India's largest import is *sugar*. The total imports of sugar were 7 per cent. larger than those of the previous year, and Java was the principal source of supply. It is encouraging to notice that the Indian production of cane sugar was estimated at 3¼ million tons in 1917-18, an increase of 20 per cent. above the figure of the previous year.

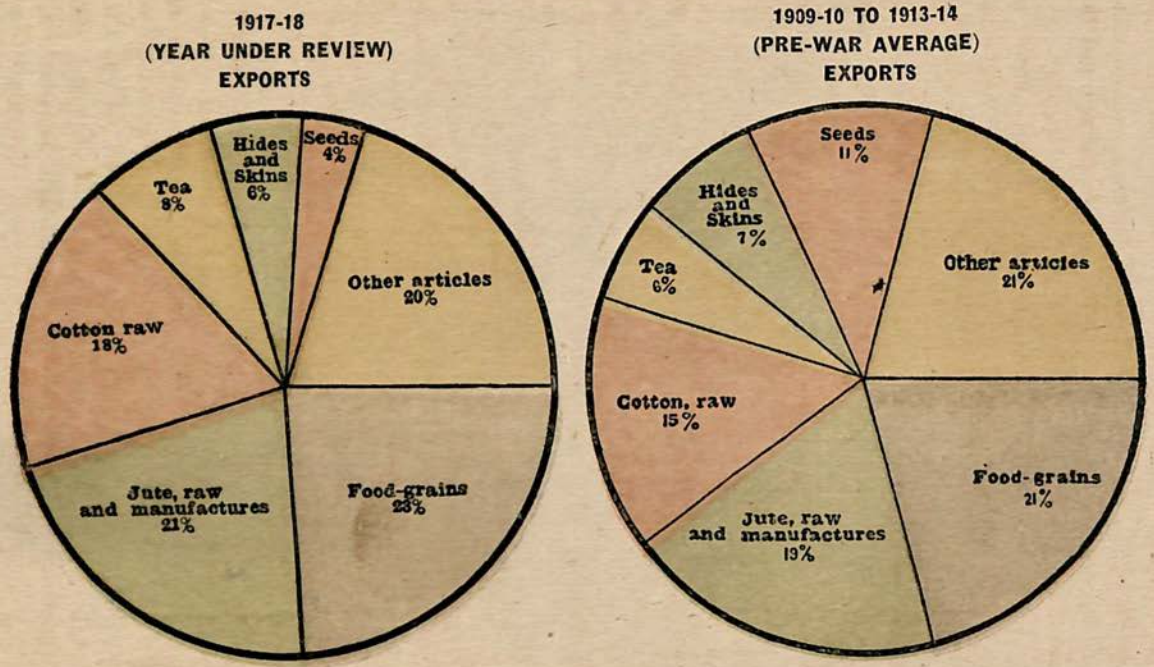
After sugar, *iron and steel* stand next in the list of India's imports. In the course of the year under review, the total imports amounted to 152,000 tons,—a decrease of 41 per cent. as compared with the previous year, and of 79 per cent. as compared with the pre-war average. About 50 per cent. of the total quantity came from the United Kingdom, and about 40 per cent. from the United States. The increase in the figure of the United States is very remarkable, for in the pre-war quinquennium it stood at only 3 per cent. Imports having ceased from Germany and Belgium, and being limited in quantity from the United Kingdom, the United States has largely stepped into the gap. The value of the imports of railway plant and rolling stock was only one-ninth of the pre-war quinquennial average. So far as other metals are concerned, it may be mentioned that of *copper* Japan succeeded in increasing her shipment from 26 per cent. in 1916-17 to 80 per cent. in the year under review. Considering that the pre-war figure was 9 per cent., the growth of Japanese trade is astonishing.

Kerosine Oil was imported only to the extent of 31 million gallons as against 49 million gallons last year and 67 million gallons before the war. An interesting feature of the year's trade was the increase in the imports from Persia, which were 8½ million gallons as against 1 million gallons in 1916-17. The imports of *salt* were, as has been noted above, phenomenally low, and can be paralleled only in the years 1896-97 and 1879-80. The principal feature of the trade was the large increase from Japan accompanied by a considerable decrease from the United Kingdom. In the imports of *provisions* an interesting change in the direction of trade has taken place in favour of Australia who has increased her share in the imports of biscuits from a



Note the increase in the percentage share of cotton manufatures, as compared with the pre-war period. The value increased to £38 millions or 9 per cent. The quantity, however, considerably decreased.

3. PRE-WAR EXPORTS AND IMPORTS—THE SHARE OF PRINCIPAL ARTICLES IN THE IMPORT AND EXPORT TRADE IN 1917-18, AS COMPARED WITH THE AVERAGE OF THE FIVE PRE-WAR YEARS, 1909-10 TO 1913-14



Note the increase in the percentage share of cotton (raw), jute (raw and manufactures), food-grains, and tea, and the decrease in the case of seeds, as compared with the pre-war period. The value of the exports of raw cotton increased to £28 millions. The quantity, however, decreased.

pre-war average of 5 per cent. to 52 per cent. and has increased her supplies of bacon and hams, cheese, canned and bottled provisions, jams and jellies.

Increasing Share of Japan.

Further evidence of the increase of Japan's share in the trade of India is found under the head of drugs and medicines, of which Japan furnished more than 81 per cent. In hardware also Japan and the United States have been largely successful in occupying the position vacated by Germany and Austria. The share of the United Kingdom fell during the year under review from 59 per cent. to 41 per cent. while that of the United States increased from 19 to 28 per cent. and of Japan from 16 to 25 per cent. In the liquor trade again Japan came prominently to the front, importing 48 per cent. of the total of ale, beer and porter as against 45 per cent. from the United Kingdom. In paper and paste-board also her trade was double that of the previous year and stood at one-fourth of the total imports.

Exports.

India's six chief exports in order of importance are cotton, raw and manufactured; grain, pulse and flour; jute, raw and manufactured; tea; hides and skins, raw and tanned; and seeds. Owing to the copious monsoon of 1917, and the incessant demand for articles of national importance on the part of the Allies, the export trade of 1917-18 in spite of the scarcity in tonnage was satisfactory, totalling some £155 millions. This was 1 per cent. below the value of the previous year but 6 per cent. above the average pre-war quinquennium.

The total quantity of raw *cotton* exported was 365,000 tons, which is 18 per cent. below that of the preceding year, and 15 per cent. below the pre-war quinquennial average. It is noteworthy that 16 per cent. went to the British Empire and 83 per cent. to the Allies, of which Japan absorbed no less than 71 per cent. In the spring of 1918, it was estimated that the crop would be 10 per cent. less than that of the previous year. Prices gradually rose to a very high level. The wholesale price of Broach cotton per candy of 784 lbs. at Bombay had been £27 in the spring of 1917, and chiefly owing to unhealthy speculation

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it rose to the extraordinarily high level of £46 in March 1918. As a natural result, there was a striking fall in the shipment both of raw material and of cotton yarn. In cotton goods the exports of Indian made goods were more than double the pre-war average, while the production rose by 46 per cent.

The quantity of *food-grains* exported showed an increase of no less than 54 per cent. over the previous year, and of 2 per cent. above the pre-war average. The quantity of rice exported amounted to 1·9 million tons which was 22 per cent. above that of the previous year, but 19 per cent. below the pre-war normal. It is elsewhere explained how the shortage of freight threatened to produce a serious glut and how the situation was eased by arrangements with the Royal Commission on Wheat Supplies, and by the Allies' requirements of rice from Burma. The wheat harvest of 1917 was the best on record, and, exclusive of wheat exported on military account, exports were 1·5 million tons, nearly double those of the previous year. In February 1917, the Royal Commission discontinued its direct purchasing from India and this duty was taken up by the Wheat Commissioner. According to his report, the total amount of wheat bought for export on behalf of the Royal Commission during 1917-18 was some 1·6 million tons. The British Empire took more than seven-tenths of the total shipment. Of other food-grains, it is sufficient to say that the exports, over one million tons in quantity, were double those of the preceding year, and 68 per cent. above the pre-war average.

In *jute* and jute manufactures, the export trade of India during the year ending March 1918 amounted to over £30 millions, a decrease of 15 per cent. as compared with the previous year, but an increase of 16 per cent. above the pre-war average. During 1917, raw jute continued to decline in export, and prices were low. But in the summer of 1918 a sharp recovery took place, when it was apparent that the crop was likely to be short. With the improvement of shipping facilities which took place during the first nine months of 1918, raw jute showed an advance in value of 100 per cent. on the 1917 figures. In manufactured jute high prices appear to have restricted to

some extent the foreign demand for gunny bags, but the industry has beaten all records by exporting goods to the value of £28 millions, during the nine months April to December 1918. Indian jute mills at present are consuming three times as much jute as is being exported. Before the war the proportion was half and half. Their buying operations are only limited by the extent to which storing accommodation is available. In 1917-18 76 mills were at work as against a pre-war figure of 64 mills. On the whole, the calendar year 1918 has been the most prosperous ever known in the jute industry, and even the cessation of hostilities left prices more or less unchanged, the decision of the mills to curtail working days having helped to steady the market.

In *tea* the quantity exported in the year ending March 1918 was the highest on record, representing an increase of 35 per cent. upon the pre-war average. The main features presented by the year under review were a large increase in the shipments to the United Kingdom, Canada and the United States, an increase in the exports to Australia, Egypt, Cape Colony, Persia and Asiatic-Turkey, and a great decrease in the exports to Russia and to China—a very interesting reflection of the development of world politics during the period under review. Indian tea exports to Australia from 1917 onwards were assisted by the prohibition of the import of all teas except from India and Ceylon. This prohibition was raised in July 1918 in favour of Java. The direct shipments to the United States, be it noted, were nearly seven times those of 1916-17 and more than eight times the pre-war average. But during the last eight months of 1918, the shipments to North America have seriously declined, owing to the competition of Java tea, which threatens to dominate the market of the States. As has already been noticed, the Government purchase of tea proved the salvation of the Indian tea industry in 1918, but the scheme has not been without its disadvantages. The system under which all grades and qualities of tea are mixed together and sold at a flat rate per pound strikes at the very foundation upon which the tea trade is based, and the termination of the control is viewed with satisfaction from all sides.

In hides and skins, the main features of the year's trade were a considerable decrease in the export of raw hides, an increase in the export of tanned hides, and a decrease in the exports of raw and tanned skins. The decrease in the export of raw hides is accounted for partly by the great increase in the tanning of cow hides in India for Army purposes, and partly by the greater scarcity and cost of freight which limited the export of inferior qualities. Government control, prohibiting the export, on private account, of hides suitable for army work, accounts for a decrease in the exports to the United States, which took only 500 tons as against 10,000 tons in 1916-17. The total exports of raw hides during the year under review represented only 42 per cent. of the pre-war average. But the quantity of tanned hides exports increased to over 18,000 tons, doubling the pre-war figure. Almost the entire quantity was shipped to the United Kingdom, and according to the Controller of Hides, at least three-fifths of the upper leather used in the United Kingdom for the British and the Allied armies was supplied from Indian tanned cow hides, almost all of which were tanned in the Madras and Bombay Presidencies and in the United Provinces. An important development in this connection has been the increased use by the Southern India tanneries of the best class of hides from northern India which used to be exported to Germany and Austria.

In *oil seeds*, there was a remarkable fall in exports owing to the shortage of freight, which was naturally most marked in the case of seeds not essential for war purposes. The total export amounted to under half a million tons, a decrease of 68 per cent. from the pre-war average. On the other hand the exports of castor seeds, which were in great demand as supplying the best lubricant for aeroplane engines, increased to 57,000 tons from 39,000 tons in 1916-17 ; and the total shipment to all countries increased by 5 per cent. Over two million gallons of castor oil, nearly double the pre-war average, were exported and more than one half of this export went to the United Kingdom. Mention must also be made of the exports of *wolfram ore*. Nearly 5,000 tons of this extremely valuable commodity were shipped from Burma to the United Kingdom. Exports

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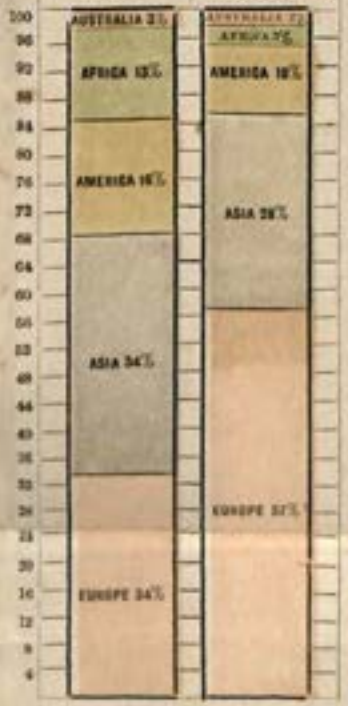
5. SHARE OF CONTINENTS AND PRINCIPAL COUNTRIES IN THE EXPORT TRADE IN 1917-18, AS COMPARED WITH THE AVERAGE OF THE FIVE PRE-WAR YEARS, 1909-10 TO 1913-14

EXPORTS

1917-18 (YEAR UNDER REVIEW)

	PER CENT
BRITISH EMPIRE	60
ALLIES	32
FOREIGN COUNTRIES	10
	100

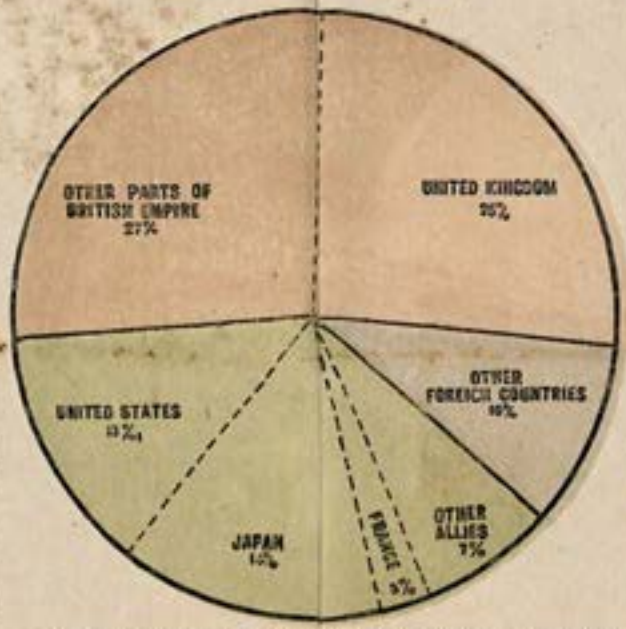
(1) SHARE OF CONTINENTS



1909-10 TO 1913-14 (PRE-WAR AVERAGE)

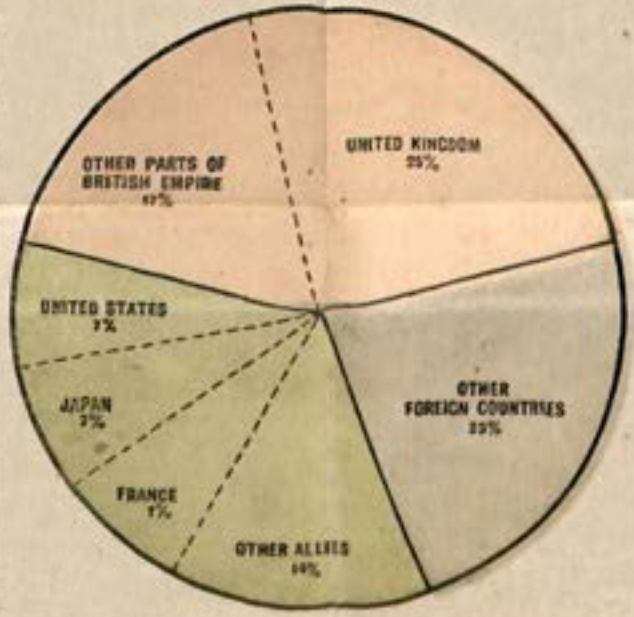
	PER CENT
BRITISH EMPIRE	42
ALLIES	35
FOREIGN COUNTRIES	23
	100

(2) SHARE OF PRINCIPAL COUNTRIES 1917-18 (YEAR UNDER REVIEW)



Note the increase in the share of the British Empire, of the United States, and of Japan in the total export trade, as compared with the pre-war period (see diagram below).

1909-10 TO 1913-14 (PRE-WAR AVERAGE)



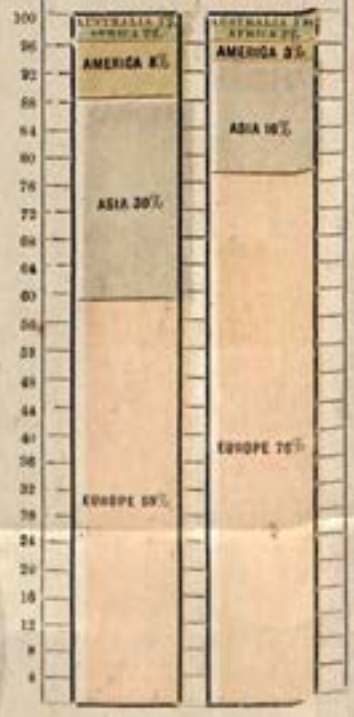
4. SHARE OF CONTINENTS AND PRINCIPAL COUNTRIES IN THE IMPORT TRADE IN 1917-18, AS COMPARED WITH THE AVERAGE OF THE FIVE PRE-WAR YEARS, 1909-10 TO 1913-14

IMPORTS

1917-18 (YEAR UNDER REVIEW)

	PER CENT
BRITISH EMPIRE	64
ALLIES	24
FOREIGN COUNTRIES	12
	100

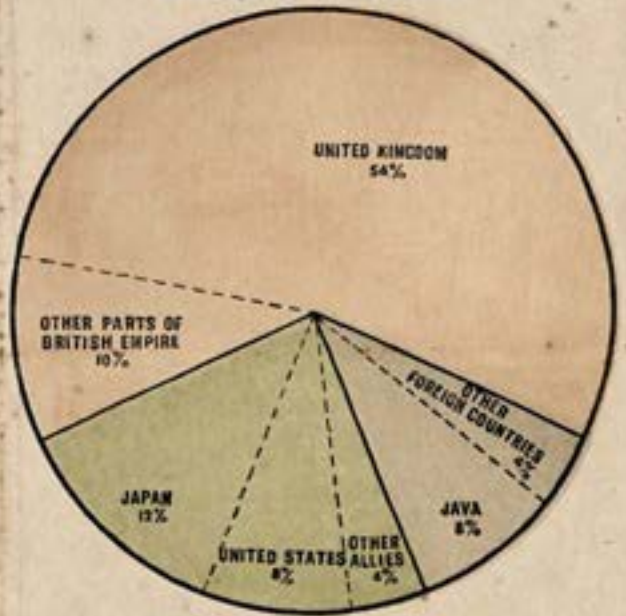
(1) SHARE OF CONTINENTS



1909-10 TO 1913-14 (PRE-WAR AVERAGE)

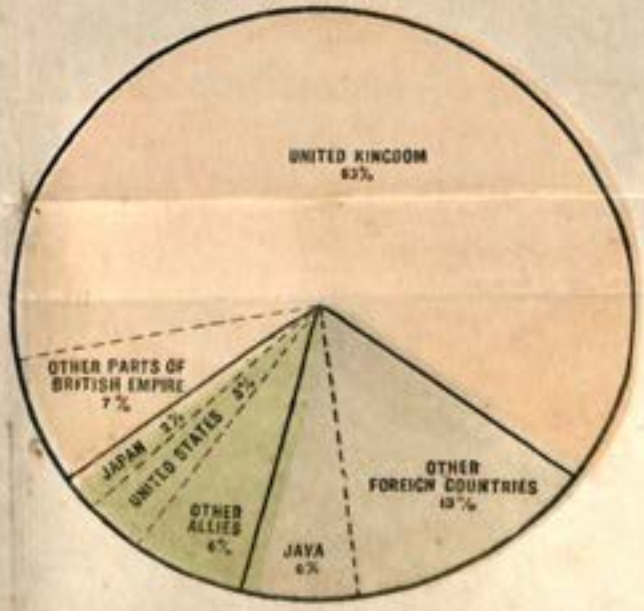
	PER CENT
BRITISH EMPIRE	70
ALLIES	11
FOREIGN COUNTRIES	19
	100

(2) SHARE OF PRINCIPAL COUNTRIES 1917-18 (YEAR UNDER REVIEW)



Note (a) the decreased share of the British Empire, and
(b) the increase in the share of Japan and of the United States in the total import trade, as compared with the pre-war period (see diagram below).

1909-10 TO 1913-14 (PRE-WAR AVERAGE)



of *chrome iron ore* increased to nearly 15,000 tons from 6,000 tons in 1916-17. More than 3,000 tons of Indian *mica*, which is in great demand for munition purposes, owing to its excellent insulating properties, were exported to the United Kingdom. The production of *iron and steel* at the two premier works, the Tata Works and the Bengal Works, was nearly ¾ million tons, an increase of 100,000 tons over the production of the previous year, and of 400,000 tons over the pre-war year, 1913-14.

Direction of Trade.

The effect of war has been to increase India's trade with other parts of the British Empire. The share of the Empire rose from 53 per cent., the pre-war average, to 57 per cent. in 1917-18. Trade with foreign countries decreased from 47 per cent. to 43 per cent. The progress in trade with Japan showed a phenomenal development. In 1917-18, the total value was more than £30 millions, an increase of 400 per cent. in imports and 103 per cent. in exports over the pre-war average. At present the total trade with Japan exceeds that with all other countries except the United Kingdom, but there are strong probabilities that the figures for next year will show a substantial decline. From many quarters come reports of a growing dissatisfaction with Japanese goods on the part of the Indian consumer. On the other hand trade with the United States, now double that of the pre-war period and second only to that of Japan, shows signs of increasing very considerably. In 1917-18 the total value amounted to more than £25 millions. Some further interesting details as to the direction of India's trade can be gathered from a study of the appended diagrams.

Frontier Trade.

The Frontier trade of British India is carried on with adjoining countries across a land frontier slightly longer than the distance between Bombay and London *viâ* the Suez Canal. The total value of the trade in 1917-18 was the highest on record, amounting to some £18 millions, an increase of 22 per cent. over the previous year and of 50 per cent. above the pre-war average. There was a remarkable growth in the trade with the Shan States of Burma, mainly due to an increase in the output of the

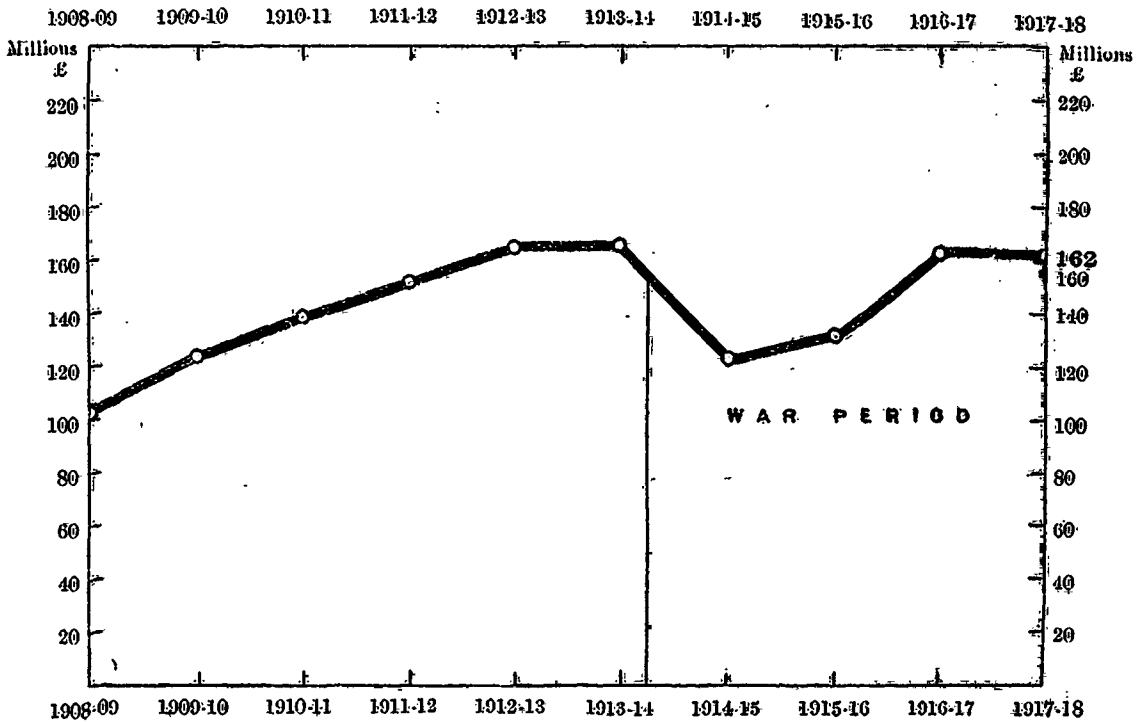
mines there situated. These States have now surpassed Nepal, which, previous to 1916-17, had the largest share in the frontier trade of India. The trade with Afghanistan increased, mainly on account of the large imports into India of fruits, vegetables and nuts; that with Bhotan, Siam and Western China, Tibet and Persia also increased. The effect of Russia's collapse was to give a stimulus to India's trade with certain frontier countries, in which hitherto Russian merchandise had held the monopoly. The export trade with Badakshan and neighbouring countries, for instance, rose in value from £30,000 to more than £60,000; but, on the other hand, unrest in the tribal regions beyond the borders of British India, caused a considerable decrease of trade in that quarter.

Inland Trade.

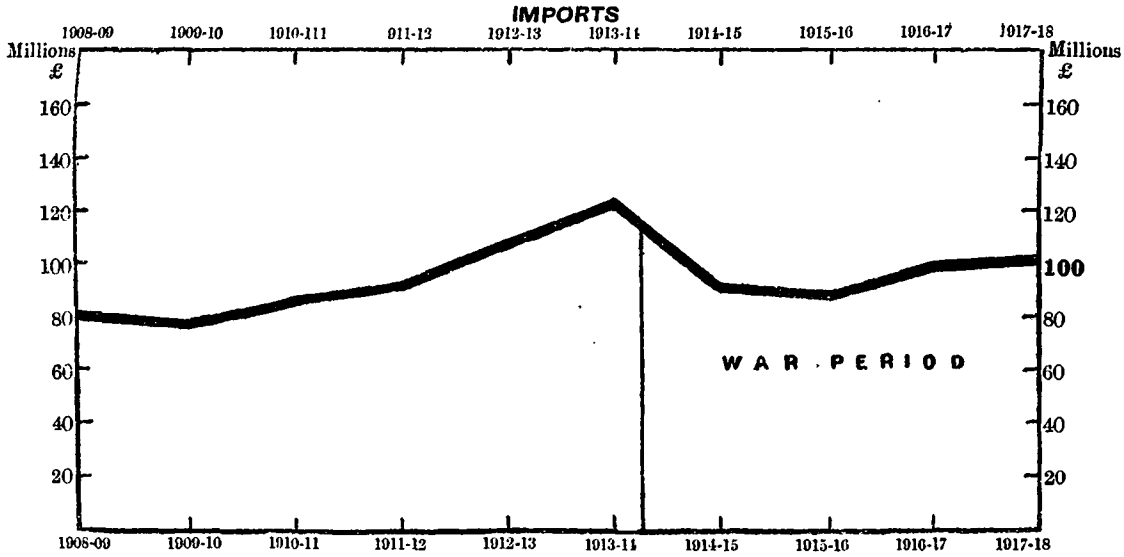
The inland trade of India, which is registered from invoices by the Audit Offices of railways, by inland steamer agencies, and by registration posts at river stations, is very large, the total value of the imports and exports by rail and river being 2½ times that of foreign commerce. Despite the restrictions on the movement of traffic and despite imperfections of registration, the total inland trade during the year under review is estimated at 67 million tons valued at £700 millions, as against 60 million tons, valued at £550 millions which was the pre-war quinquennial average. The movements of cotton piece-goods, kerosine oil, salt, and food-grains are of some interest in view of the shortage and high prices prevailing. In cotton piece-goods, the chief consuming provinces (Bengal and Madras) show a decrease of 42 per cent. each; the United Provinces of 28 per cent.; the Punjab of 14 per cent.; Bihar and Orissa of 31 per cent.; Sind and British Baluchistan of 11 per cent. Of salt, the exports by rail from Calcutta showed a decrease of 20 per cent. Bombay exported 230,000 tons as against 236,000 tons in the previous year. Rajputana and Central India showed a falling off of 46,000 tons. On the other hand, the exports from Madras increased by 11 per cent. over the preceding year, and by 16 per cent. over the pre-war year. In food-grains, there was a noticeable increase in the traffic from up-country to the sea ports, on account of the increased demand for shipment abroad. The Punjab supplied

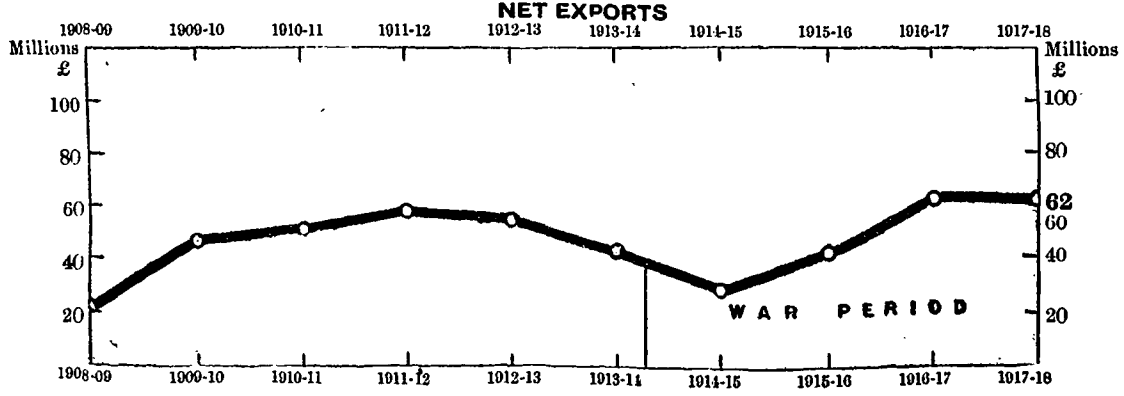
EXPORTS, IMPORTS, AND NET EXPORTS OF PRIVATE MERCHANDISE DURING THE TEN YEARS ENDING 1917-18

EXPORTS



NOTE.—Exports of merchandise are inclusive of re-exports


IMPORTS
1908-09
1909-10
1910-111
911-12
1912-13
1913-14
1914-15
1915-16
1916-17
1917-18
Millions
£
160
140
120
100
80
60
40
20
100
WAR PERIOD


NET EXPORTS
1908-09
1909-10
1910-11
1911-12
1912-13
1913-14
1914-15
1915-16
1916-17
1917-18
Millions
£
100
80
60
40
20
62
WAR PERIOD

47 per cent. and the United Provinces 23 per cent. of the 1·8 million tons of wheat thus moved, of which total nearly 1·6 million tons was exported from India on behalf of the Royal Wheat Commission. Of Kerosine, the net imports showed a decrease of 22 per cent.; Bengal taking 30 per cent. less, Madras 17 per cent., Bihar and Orissa 14 per cent., the United Provinces 14 per cent., Bombay 7 per cent. and the Punjab 17 per cent.

Shipping.

In the matter of shipping, the figures show that there has been a decrease of 30 per cent. in the clearance of 1917-18 as against the pre-war average; the share of British ships has decreased during the year under review, while that of foregin ships has increased. In 1917-18, the total tonnage clearances were 5·6 million tons as against a pre-war average of 8·1 million tons. These figures however do not include the tonnage of the large number of Government vessels and hired transport which carried goods bought by Government and so shipped.

Balance of Trade.

During the year under review, the gap between the exports and the imports of private merchandise was £61 millions as against £63 millions in the preceding year. The net import of gold and silver during the year was £15 millions as against £1·4 millions in the preceding year. The balance of trade *in favour* of India decreased to £11·6 millions as against £30 millions in the preceding year. This, it must be noticed, is against a pre-war average of more than £250,000 *against* India.

CHAPTER IV.

Some lines of Advance: Moral and Material.

Having thus examined briefly the political and economic features of the period under review, we can proceed to consider certain lines of development which are intimately bound up with the future progress of India. The first of these lines is Education.*

Education, the present position.

It will be necessary to begin with a short account of the present position. There are under 8 million pupils in all educational institutions of British India. This means that just 3 per cent. of the population is under instruction,—a percentage which proves to include roughly 5 per cent. of the males and 1 per cent. of the females of British India. As might have been conjectured from figures so low as these, it was found at the last census (1911) that under 6 per cent. of the population could read and write. The expenditure from all sources works out at under £8 millions, or $7\frac{3}{4}d.$ per head of the population.

From the purely educational point of view, this state of affairs is sufficiently serious. But in the light of present political exigencies, it becomes a source of acute uneasiness. India is about to advance upon the road leading to the progressive realisation of responsible government. Electorates are to be brought suddenly into being. Indians of all classes will have to take a greater and greater share of public duties and public responsibilities—yet only six in every hundred could in 1911 achieve the very modest census standard of literacy. It must be plain that until the proportion of literates can be raised, the immense mass of the peoples of India will remain poor, ignorant and helpless far beyond the standards of Europe. Until education

* Material for this section has been derived principally from the last Quinquennial Review of Education in India, by Mr. H. Sharp, Educational Commissioner with the Government of India. It is to be noted that population-figures are only approximately accurate, the most recent being eight years old.

can be more generally diffused, it is idle to expect India to realise her immense industrial potentialities.

Disquieting as are these general figures, the seriousness of the present position of Indian education is still further revealed by an analysis of the proportions of the population undergoing different types of instruction. Statistics show that only about 2·4 per cent. of the population are enrolled in primary schools, and only 2·8 per cent. are undergoing elementary instruction of any kind. The corresponding figure for England and Wales is 17 per cent.; but it is probable that this figure includes some pupils who are preparing for higher education. On the other hand, in secondary schools, ·5 per cent. of the population are enrolled, as compared with ·6 per cent. in England and Wales. Considering the backwardness of female education, this figure is startling; if the male population of India alone is reckoned, no less than ·9 per cent. are found in secondary schools, a proportion far greater than that of England and Wales, and approximately equal to that of Germany before the war. Very significant too are the figures for University education. India has about ·025 per cent. of her population undergoing instruction of a University type, as against ·054 in England and Wales. But here, again, the female population of India has to be almost eliminated, so that India's proportion is really very high indeed. When single tracts, such as Bengal for example, are considered, this percentage heavy as it is, sometimes rises in a marked degree. In this province, the proportion of those undergoing University instruction to the population is equal to the proportion in the United Kingdom; and if the female population of Bengal be left out of reckoning, the figure rises to the remarkable height of ·1 per cent.

Thus, while the lower classes in India are largely illiterate, the middle class, which is the class that mainly patronises the higher institutions, is numerically speaking educated to a pitch equal to that attained in countries whose social and economic conditions are more highly developed. This one-sided character of Indian education is not entirely the fault of Government. The earlier efforts of the East India Company were indeed directed to the encouragement of higher institutions estab-

lished in towns, and to the conferring of western education upon the hereditary literate classes of Indian society. But the despatch of 1854 attempted to alter this state of affairs by laying special stress on elementary education, and since that time Government has done something to redeem its pledge. The weight of circumstances has told against the best intentions. The middle classes have found that higher education is a profitable thing, and they have made known in an emphatic manner their desire that this type of education should be expanded. Now the total funds available are limited, and though the lower classes are no longer hostile to primary education, they are luke-warm in its support and seldom press for its extension. As a natural result the supply of education has tended to follow the direction of the most pressing demand.

Narrowness of Indian Education.

Not only is education in India almost monopolised by one class of the community, but in addition, such education as there is, appears to be conducted along extremely narrow lines. It is of a predominantly literary type. Only ·5 per cent. of the population are undergoing instruction in institutions which provide technical training. On the other hand, 2·5 per cent. of the population are to be found in non-technical institutions.

Of the £7¾ millions spent on education in India, £3 millions is spent on higher institutions for boys, £2 millions is spent on primary schools for boys, and only a meagre £·7 million on vocational institutions. Here again the demand has determined the nature of the supply. Literary courses lead to Government employ, and are a necessary preliminary to the study and practice of the law. They are adapted to the traditional methods of teaching and to the highly developed memorising faculty which characterises many Indian students. Technical and Industrial study offer a less easy or less lucrative career. But besides this, the slow growth of Industries and the shyness of capital in supporting industries act as great deterrents to technical education. Were industrial employment assured, it is believed that students would readily come forward and that technical institutions would multiply.

Principal defects of Indian education.

In addition to the foregoing, Indian education, as a whole, suffers from three principal defects. In the first place there is a serious lack of properly trained teachers. Only 30 per cent. of the total number have any training qualification. In primary schools, only 65,000 out of 220,000 are trained. In secondary schools, out of 60,000 only 20,000 have received training, and only 7,000 possess degrees. In the second place, the teaching profession in India is seriously underpaid. Often a man enters the teaching profession because he can find nothing else to do; and pupils are as a rule instructed by a changing series of teachers who have not time to learn their trade, and put little heart into their work. In the third place, Indian education is entirely dominated by the examination system. The passing of an examination is essential for employment, and these examinations are almost wholly external. It is not that there are too many of them, but they are conducted on a large scale and too often form the only goal to be achieved by school and University instruction. The number of candidates continually grows, so that the standard tends to drop and the more inefficient schools to flourish. On the other hand, good institutions languish; for any excellence which goes beyond the standard of the various examinations, and aims at doing more than passing the pupil, is too often deemed by parents superfluous if not harmful.

Educational Finance.

The crux of the whole present position of Indian Education is financial. As is suggested by the fact that the total expenditure is $7\frac{3}{4}d.$ per head, such education as exists tends to be cheap and inferior in quality. It is because education is cheaply run, that teachers are badly paid, that teaching is inefficient, that the subjects taught are out of touch with the vital needs of the pupils. To realise these difficulties more clearly a moment must be devoted to the consideration of educational finance.

As has been explained, elsewhere, the revenues taken by the Government of India are employed partly in central expendi-

ture, and partly in re-distribution to provinces for expenditure upon objects which provincial revenues are unable to finance efficiently. Among those objects is education. Education is financed partly from public funds as has been noticed and partly from private funds. Under public funds fall those sums which are the produce of central or local taxation, while private funds include fees, endowments and subscriptions. Now of the £7¾ millions spent on education £2·7 millions comes from provincial and "imperial" funds, £1·5 millions from local funds, including transfers from provincial funds and £1·3 millions from other sources, such as missionary bodies and charitable endowments. The balance of £2·1 millions comes from fees. Taking these endowments one by one we see that expenditure from provincial, including central funds, works out to 2½*d.* per head of population as compared with 7*s.* 9*d.*, in England and Wales. The amount found by local bodies such as Municipalities and District Boards is very small, for of the £1·5 millions which figures under this head, more than one-half comes from provincial or imperial grants handed over to local bodies for expenditure. Even so, the expenditure of local bodies upon education through all India amounts to no less than 25 per cent. of their total expenditure upon all heads. The exact figure varies from province to province. In Bombay and the North-West Frontier Province, the local bodies spend over 40 per cent. of their funds on education. In the United Provinces, the Punjab, the Central Provinces and Assam, the figure is about 30 per cent.; in Bihar and Bengal it is about 20 per cent., and in Madras 15 per cent. It is generally said that the revenues of local bodies are inexpansive; but there is reason to believe that in many parts of India the resources open to them have been insufficiently tapped. A writer who has carefully studied the economic conditions of a Bengal district declares that the local taxation yields to the local authorities only ½ per cent. of the total income of the population of that district. "The truth is," he writes, "that in Bengal not only is all taxation exceptionally light, but local taxation in particular is an insignificant burden upon the resources of the people; that the provision of local finances and material benefits is in consequence very inadequate, but that it

cannot be improved unless larger sums are placed at the disposal of the local authorities."*

The amount contributed by fees, which is 28 per cent. of the total expenditure, seems at first sight very large. But its magnitude arises rather from the paucity of funds derived from other sources than from the rate of fees charged. The annual fee payable by a student averages £4·10*s.* per head in a college ; £1 in a secondary school and 14*d.* in a primary school. The contributions from private sources such as missionary and other bodies constitute a very considerable proportion of the total expenditure.

So far we have been dealing with the small amount spent upon education in India, and the question may well be asked : why is not this amount increased ? The answer is that India is a poor country and already spends 4·3 per cent. of her public revenue on education, a figure which compares not unfavourably with the percentage spent in other countries. Her revenue has to support many other heavy demands upon it. Important as is education to the life of a nation, the safety of the state and of the individual from the menace of external aggression or internal disorder naturally comes first. It has come first in India. Of these heavy charges, that of Defence is the greatest burden. What can be done educationally when the revenues are freed from such crippling charges is seen in certain Indian States. In Cochin, for example, the percentage of boy and girl pupils to the male and female population of school-going age is 74 per cent. and 34 per cent. respectively. In Mysore also the percentage of pupils under instruction to the total population of school-going age is some 40 per cent.

The problem of finding the money for the requisite expansion of Indian Education is one that will tax the combined efforts of British and Indian administrators severely for the next few years. The matter is one of vital urgency ; for if the money be not found and the expansion does not take place, it will be impossible for India to assume the position due to her in the Commonwealth of Nations.

* J. C. Jack. Economic Life of a Bengal District, page 129.

From what has been said above it might perhaps be imagined that Indian education is standing still, and that progress is not being made. This is far from being the case. On the contrary, the figures at present realised represent the results of years of anxious labour and of devoted service. A study of the diagram on the opposite page will show how steadily, if slowly, education has been growing during recent years, but it must be obvious that the rate of growth has been wholly insufficient for the needs of the country. Further, when this rate is broken up into its component factors, the result is such as to cause anxiety. During the last five years the percentage of increase among primary school pupils has been only 16½. Secondary school pupils, on the other hand, have increased by 28 per cent. and pupils in Arts Colleges, by 59 per cent. An examination of the problems presented by these different types of education, and of the efforts which the administration is constantly making to solve them, reveals with greater clearness the seriousness of the present position and the urgent necessity for embarking upon a largely planned constructive policy for which money must be found in some way or other.

Progress made.

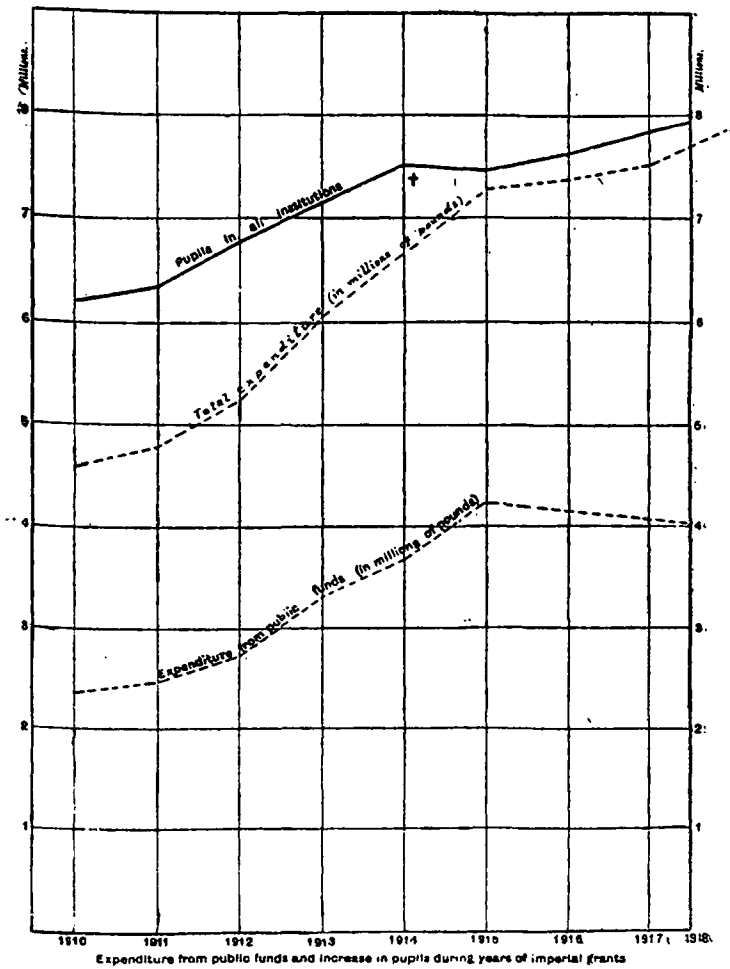
Beginning first with primary education, it is seen from statistics that the total number of primary schools in India has risen during the last 5 years from 123,000 to 142,000; and that the pupils in them have risen from 4·9 millions to 5·8 millions. The position of primary education varies widely in different parts of India. Burma with its indigenous system has nearly 7 per cent. of the total male population undergoing elementary education, and is in a class by itself. Next come the provinces of Madras, Bombay, Bengal and Assam which have nearly 6 per cent. of their boys under elementary education. In the case of the Central Provinces, Bihar and Orissa the proportion is just 4 per cent., while in the United Provinces and in the North-West Frontier Province the proportion is nearly 3 per cent.

Primary Education.

So far as expenditure is concerned, the total amount spent on primary schools has risen in 5 years from £1·4 millions to just under £2 millions. Here again the direct expenditure on

(*To face page 114.*)

Progress of Education 1910-1918.



Expenditure from public funds and increase in pupils during years of imperial grants

[1] Native states omitted.

primary schools per head of the male population varies widely from province to province. Bombay, which spends on primary schools about 6½*d.* per head of the male population, is easily in front of the rest of India. Madras, the Central Provinces and Assam spend about 3*d.* per head. The Punjab and the North-West Frontier Province spend 2*d.*, and Bengal, the United Provinces, Burma, Bihar and Orissa, 1½*d.* These amounts may well seem ridiculously small. If the primary education of boys is to be placed upon a satisfactory footing, all boys from the completion of the 5th to the completion of the 11th or 12th year should be under instruction. Taking this at 15 per cent. of the male population, more than 18½ million boys ought to be undergoing elementary education as opposed to the 6 million boys actually at school now. The cost of educating the rest is estimated to be at least £5 millions a year, to say nothing of the sums required for training, inspection, the erection of schools and so forth. *During the last five years "imperial" grants totalling some £7 millions have been devoted to education, and primary education has come in for a substantial share. In 1917-18 a recurring grant of £200,000 was made available for the training of teachers, and in the budget of 1918-19 a further grant of £200,000 was ear-marked for primary education. Small as are these sums in comparison with the figure necessary to set primary education upon its feet, they have already produced good results in improving the pay and prospects of the primary school teachers. It should further be remembered that these "imperial" grants are of the nature of wind falls, since the basis of educational finance is provincial.

Possible Lines of Advance.

There are two possible lines of advance by which primary education may gradually arrive at a sound position. The first is the acceleration of progress under a voluntary system, by means of careful surveys supplemented by enhanced grants. This scheme was started some time ago in Eastern Bengal, with the object of providing a decent primary school in each village-union, and such progress was made that when the Presidency of Bengal was

* This estimate based upon calculations kindly put at my disposal by the Educational Commissioner, must be taken as approximate only.

constituted, the scheme was extended to Western Bengal also. The second line of advance is the introduction of some compulsory measure. In many of the provinces these two lines of advance are being pursued simultaneously, and it is to be noticed that provinces backward in respect of primary education are now making strenuous efforts to catch up with the rest. In the United Provinces, for example, Government addressed district boards in April 1918 directing them to prepare a large programme of educational expansion to be carried out during the next five years. The object to be aimed at was the doubling of the number of scholars attending primary schools, and if necessary the doubling of the number of schools themselves. In order to improve the quality of teaching, substantial advances were sanctioned on the existing rates of pay for teachers in primary schools. The schemes submitted by the boards, as revised by Government, make provision for a substantial development of primary education within the next few years. The number of teachers in schools managed by boards is to rise from 20,000 to 34,000. The number of training classes for teachers is to be raised within three years from 250 to 530. The Boards are to be given full discretion in the matter of exemption from fees; and the children of the very poor may also be provided with school-books free of charge. The estimated cost to local government of this scheme is nearly half a million pounds within the next three years. This, although it constitutes a very heavy draft on provincial revenues and seriously curtails the amount available for other services, is considered by Sir Harcourt Butler, the Lieutenant-Governor of the United Provinces, to be thoroughly justifiable. In the Punjab, also, the Local Government has laid down a far-reaching programme. The object here aimed at is that district board schools should be established in every centre where an average attendance of not less than 50 children might be expected. When a map had been made of the present distribution of schools, it was found that the existing number, *viz.*, 173 middle vernacular schools and 4,613 primary schools would have to be expanded to 471 and 8,673 respectively. Based upon this map a programme for the next five years has been drawn

Provincial efforts.

up, the ultimate cost of which is estimated at about £80,000. Nor is it only in the provinces relatively backward in primary education that the subject is receiving attention. In Bombay, where primary education is relatively far developed and where 50 per cent. of the total provincial expenditure upon education is devoted to it, the Local Government has no intention of relaxing its efforts. It is proposed to open primary schools in every village of over 1,000 inhabitants and subsequently in every village containing more than 500 inhabitants. During the year 1917-18 it was found possible to renew the annual provision of £13,000 for the expansion of primary education, which had been suspended for three years in consequence of the war. The result was a net increase of over 300 in the number of primary schools for boys. The pay of vernacular school teachers has also been substantially increased. Further, Government intends ultimately to establish a training school in every district of the Bombay Presidency and of Sind, with the object of replacing every untrained teacher by a man who has undergone at least one year's instruction at such a school.

Compulsory Education.

Quite as interesting are the efforts directed towards advance along the second line mentioned above. Measures allowing municipalities or other local bodies to enforce primary education within their jurisdiction have been introduced into Bombay and are contemplated in Bengal, in the United Provinces, in the Punjab, and in Bihar and Orissa. The success of this plan depends upon the willingness of local bodies to avail themselves of the permission to adopt compulsory measures, and to tax themselves with a view to making these measures effective. The Bombay Government has provided notable encouragement to municipal effort by a promise to contribute one-half of the cost of the free and compulsory education introduced under the Act. Several municipalities have already applied for permission to introduce compulsion, and it is to be hoped that their example will be widely followed. In some parts of India there is reported to be a lamentable lack of enthusiasm on the part of local bodies, who prefer to develop secondary rather than primary education, but it is generally considered

unlikely that this attitude of apathy will endure much longer. Should it be found to persist, however, the matter may arise for consideration whether it will be desirable to follow the English precedent and to apply compulsion not to the parents but to the local authorities themselves, by requiring them to provide facilities of a type reasonably proportionate to local requirements.

Changes in the Curriculum.

It must be plain, that mere expansion will be useless without a corresponding improvement in the quality of instruction. Constant efforts are as a matter of fact being made to put the elementary schools more closely in touch with the needs of the pupil, and to make elementary education something of which lower classes will quickly perceive the use and enjoy the benefits. As the supply of capable teachers increases, the framing of more attractive and more utilitarian courses will become possible. Even now it has been found that some subjects outside the three R's are highly appreciated by those classes whom it is most necessary to convince of the benefits of the primary education. Elementary instruction in the methods of reading land records, and in mental arithmetic as applied to bazar transactions is most popular in many places. But no improvement can take place in the course until there are sufficient good teachers to impart it. The problem of primary education is now very largely one of staffing. Steps are being taken in almost every part of India to increase the pay of the primary school teachers. During the last 5 years, indeed, the whole pay of the teaching profession has been steadily if slowly raised; and while the direct expenditure in 1911-12 averaged out at £15 a year per teacher, that in 1916-17 worked out to £17. That this policy of improving the teaching and the curriculum, meagre as it has been in scope, has not been without success, is shown by the fact that, according to an actuarial calculation, at the beginning of the last quinquennium the average duration of school life was 3½ years, and at the end, it was over 4 years. These figures show very clearly that primary education is beginning, even if beginning very

slowly, to commend itself to the classes which stand most in need of it.

There is, however, one further point in connection with the projected expansion of primary education to which attention must be drawn. The local boards will in some Provinces at least find themselves with much money to spend: but there exists no machinery for advising them how to spend it to the best advantage: for making the experience of one board afford guidance to another board: for collating the results achieved in the district, in the division, in the province. At present, primary education is so largely an affair of the local bodies that the ordinary departmental machinery of education has virtually little to do with its administration. Unless some co-ordinating system can be devised, to aid the boards with counsel and advice when they desire them, while leaving the responsibility of the boards intact, it is to be feared that public money may be wasted, and that the boards may lose keenness through being led by inexperience to commit avoidable mistakes.

Secondary Education.

When we approach secondary education, the problem appears somewhat different. So far as quantity is concerned, secondary education in India may be considered fairly satisfactory. It is the quality which leaves so much to be desired. During the last 5 years the total number of institutions for boys and girls has risen from just over 6,000 to more than 7,500; and the number of pupils has risen from ·9 million to 1·2 millions. During the same period, expenditure has increased from £1·4 millions to £2·1 millions. Nonetheless the condition of secondary schools in India is thoroughly unsatisfactory. Instruction and discipline are generally reported as poor. There is very little control over privately managed schools, whose end and aim are generally to get a certain number of boys through the Matriculation Examination. On the whole, with certain qualifications, it is true to say that secondary education in India is of poor standard and badly regulated. It also suffers from certain special defects. In the first place, the demand for it is almost inexhaustible; and the difficulty of meeting this demand in an adequate manner tends to swamp

Special Defects.

the effects of reform. If existing schools are improved, new ones spring up, lowering the average of attainment and undermining discipline. Owing to the demand for education, however bad, the proprietors of schools are able to manage their institutions at the lowest limit of efficiency without fear of loss of boys. Worse still, since the most necessary ingredients of education such as discipline, social life, good physical condition and a reasonable standard of class-work, are not demanded, they are not supplied. The school often depends upon the goodwill of parents and pupils, and where public opinion is weak and uninformed, the parents are only too ready to listen to the complaints of their children. The school boy thus becomes the master of his teachers. Political agitation often occupies the minds of boys to a most undesirable extent. During the last two years it has been found necessary in several provinces to issue orders prohibiting pupils from attending political meetings. Further, the part played in anarchist outrages by pupils and ex-pupils of certain educational institutions, primarily in Bengal, and to a lesser extent elsewhere, is a lurid one. Before the war, promoters of disorder regarded the schools as a favourable ground for recruiting the agents of their designs, and an organised attempt was made to corrupt pupils through teachers insinuated into responsible positions for this very purpose. Here again in secondary as in primary education the supply of trained teachers of the right quality is a crucial factor. In secondary schools, out of 60,000 teachers only 20,000 are trained and only 7,000 have degrees. During the last 5 years the percentage of trained teachers to the total number of teachers has increased by ·6 per cent. but it still stands at the miserably inadequate figure of one to three. The need for expansion in this direction is now appreciated by the authorities. Towards the close of the period under review the Government of India gave a grant of £200,000 a year for expenditure upon the training of teachers. Existing training institutions have been much improved and their number is increasing year by year. Nonetheless, the rate of increase is disproportionately small considering the importance of the place which the trained teacher must occupy in the future of Indian Education.

While education remains as cheap as it is, it is difficult to see how it can be made more efficient. If the amount necessary to put secondary education on a sound footing were calculated on the very modest basis of £4 per pupil per annum, the total expenditure would work out at £4½ millions. The sum, which Government would have to find after allowing for the levelling up of fees, in addition to the sums at present spent upon secondary education, would amount to £1·3 millions annually.*

Urgency of the Problem.

Large as is this sum, it is of vital urgency to find it. In the case of mass education the situation is sufficiently serious ; but the problems are largely in the future. In the case of secondary education, however, we are dealing with a state of affairs constituting a political and social danger. Secondary education is the pivot on which depends the whole character of educational and other forms of advance. Prolonged acquiescence in its present condition will force India shortly to reap the fruits of a widespread, squalid and uncontrolled system.

Passing to University education it is to be noticed that the defects peculiar to the Indian University system are lack of organisation, wide inequality of efficiency among affiliated colleges and an inferior standard of instruction. If secondary education be radically improved, much will be done to improve the colleges, but the whole system of affiliating Universities, useful in its day, is now outworn in India and has become unwieldy. When a University consists of scattered colleges, each separated from the next by hundreds of miles, the inevitable result is that each, with its inadequate resources, attempts to perform the function of a miniature University. Courses of instruction far beyond the compass of the staff are undertaken. There is much unnecessary re-duplication of equipment, which under the existing financial conditions means poor quality all round. The University standard, which is something external to the colleges, tends to lower itself to the capacity of the weakest institution. Any attempt to raise the standard is regarded with hostility by certain sections of the press, which

The Indian University System.

* *See* footnote on p. 115.

tend to turn every topic of educational controversy into a racial question ; and profess to discover, in every proposal to improve the quality of instruction evidence of a desire to thwart, by stunting educational development, India's legitimate political demand.

Nevertheless, the prospects are not without promise. During the last year or two there have been important developments in University education. It seems clear that the right policy is to let the better colleges stand on their own legs as unitary Universities ; while the remaining and weaker colleges must continue under the older affiliating system, as it exists at present. Already there is a marked tendency for the affiliating University to divide itself into sections, in each of which the achievement of centralised institutions is possible. In the case of Calcutta University, one slice of jurisdiction has been taken away and put under the newly constituted University of Patna. Other Universities are also contemplated in Dacca for Eastern Bengal, and in Rangoon for Burma. In the case of Allahabad, a similar tendency may be noted. A centralised Hindu University has already been established at Benares, and other Universities are projected at Nagpur for the Central Provinces and at Lucknow for Oudh. Suggestions have further been made for the establishment of a Muhammadan University at Aligarh and for a University at Agra. Similarly the Indian State of Hyderabad is setting up its own University as distinct from the University of Madras. This new scheme is of some general interest, as the medium of instruction throughout the University is to be Urdu, with English as a compulsory second language.

During the last 5 years the improvement of the standard of University education has proceeded steadily. This improvement would have been more apparent had it not been for the phenominal increase of those under University instruction, an increase amounting to some 62 per cent. The Universities have received liberal grants from the Government of India, and have been enabled to provide themselves with additional accommodation where this was necessary, to create chairs for higher teaching and to promote research and instruction by University professors. During the last 5

Recent Improvements.

years the Government of India has given £27,000 in recurring grants and £280,000 in non-recurring grants.

Moreover, the Government of India, aware of the undesirable conditions in which many of the 28,000 students of Calcutta, the largest of all the Indian Universities, were living, and anxious to ascertain from an impartial standpoint the standard of work, both graduate and post-graduate, of the colleges within and without Calcutta, appointed in 1917 a Commission with wide terms of reference. This Commission, presided over by Dr. Sadler, consisted of seven members, of whom four came direct from England. Two members were Indians. It met in October 1917, and after receiving written replies to its *questionnaire* from more than 400 witnesses in Bengal and other provinces, and taking evidence from hundreds of persons, completed its labours in March 1919. Its Reference empowered it to investigate the relations between University and secondary education, and also the bearing of University studies upon professional and technological training. In the course of its investigations, the Commission visited the Universities of Madras, Bombay, the United Provinces as well as the University of Mysore and the nascent Osmania University of Hyderabad. Visits were also made to most of the Colleges and many of the High Schools of the country districts of Bengal. Much is hoped from the results of these enquiries, which will constitute a more thorough survey of the problems of Indian education than any that has hitherto been attempted.

Calcutta University Commission.

Thus dark in some respects as is the picture presented by Indian Education, it is nonetheless lightened by gleams of hope, for in each of the great branches of education which we have examined, there has been considerable progress during the period under review, combined with considerable promise for the future.

A word must now be said as to the education of special classes of the community. The education of girls still continues in a thoroughly unsatisfactory condition. Social reasons such as the institution of Pardah, early marriage, and so forth, form a

Female Education.

stumbling block. Still more formidable, however, is the hindrance constituted by the lack of effective demand. While female education is enthusiastically advocated on the platform and in the public press, the number of those who will pay for it or even allow the female members of their own families to enjoy its advantages is comparatively small. Among purely educational difficulties are the provision of a sufficiently large and well qualified staff of lady teachers and inspectresses. During the last five years there has indeed been a distinct improvement. The number of women under training is nearly 3,000 at present, which represents an increase of 75 per cent. Two excellent women's colleges have recently been opened in Madras. The expansion of facilities for training and for collegiate education may, it is hoped, make a supply of teachers easier in the future and tend to guide public opinion upon the point. It is obvious that female illiteracy acts as a serious bar to educational progress. If half the population grows up practically illiterate, incentive to education in the other half must be sensibly lowered; and when home education is almost unknown, education in general appears as something extraneous to the real life of the people. An artificial state of affairs is indeed created by imparting it. The youth does not find in his home the environment and thoughts which surround him in the class room.

Muhammadan Education.

Muhammadan education also presents a problem of its own. The difficulties which oppose the expansion of education, especially of higher education, among this class of the community are gradually giving way. As a result of the increased efforts of the last five years, the percentage of Muslim pupils to pupils of other communities bears almost the same proportion as the Mussalman population to the entire population. It is encouraging to find that the community is beginning to take a larger share in institutions for higher education; but even so the number of Muhammadans in Arts Colleges, in provincial colleges and secondary schools is disproportionately small. In several provinces, such as Bombay and the United Provinces, special grants have been earmarked for Muhammadan education

and special inspecting agencies and training institutions have likewise been established.

European Education.

Satisfactory progress has also been made in the education of Europeans and the domiciled community. The number of pupils has risen by nearly 25 per cent. and now represents about 18 per cent. of this population. The education of the domiciled community continues to be characterised by a large amount of self-help in the nature of fees and subscriptions, and more than 60 per cent. of the cost of a pupil's education is met from private sources. Special grants have been made in the cities of Calcutta and Madras, and there is little reason to suppose that any children of the domiciled community now go uneducated. Great opportunities for employment in India, whether in the public services or private concerns, have resulted from the practical cessation of recruitment from England during the war.

Depressed classes.

Education among the aboriginals, criminal tribes and depressed classes presents grave difficulties. The Missionary Societies and the Salvation Army, together with Indian Societies for Social Service, are making great efforts to improve the condition of these people. Of the aboriginal population, reckoned at just under 10 millions, only 134,000 or 1·3 per cent., are at school. In the case of the depressed classes, numbering nearly 32 millions, under 330,000, or 1 per cent., are receiving instruction. With the criminal tribes, 4 millions in number, the percentage at school sinks to ·5. Results on the whole appear small at present but the work is full of promise for the future.

General Intellectual Activity.

In addition to the figures of those under instruction, the general progress of intellectual activity can be gauged by the increase in the number of publications. The number of printing presses has increased from 2,751 in 1910-11 to 3,101 in 1916-17. The number of newspapers has risen from 658 to 805, and of periodicals from 1,902 to 3,173. There are also symptoms of a growing interest in education by those whose school and college days are over. Madras possesses over 1,100 educational institutions and some 700 reading rooms

and literary societies with a membership of over 130,000. Bombay has nearly 250 public libraries. In the Central Provinces, district boards are encouraging the formation of village libraries. It should be noted in this connection that the effects of the war upon Indian education have not been wholly adverse. It is true that the financial stringency has postponed schemes of importance, and Local Governments have been precluded from drawing freely upon the unspent balances which had accumulated from Imperial grants of preceding years. But, on the other hand, the world-struggle has excited great interest among people of all ranks and all ages in matters outside their immediate surroundings. It has enhanced their historical and geographical knowledge. It has widened their outlook and united them with all parts of the Empire in common endeavour to contribute towards the successful prosecution of the war. Schools in general have taken a share in providing money and men. Universities have organised Indian Defence Force units. From the Punjab University a Brigade Signal Section has been formed, which proceeded on active service and won the high commendation of the Military authorities. In the same province over 10,000 recruits, three-quarters of whom were actually masters or students, were provided for the Army; while £50,000 was subscribed to war funds. Great efforts have been made in every province to bring the war home to students and school-boys. War lectures, exhibitions of war pictures, propagation of war news and war literature, have all done much to enlarge cramped mental horizons and have led to a truer realisation of the unity of the British Empire and of the greatness of Imperial ideals.

Effects of the War.

Among the minor difficulties which attend the improvement of the general educational level in India is the lack of library facilities. In the larger towns, it is true, there are public libraries which contain a certain number of standard works. The Universities have, of course, their own libraries which are more or less adequate for their particular purpose. But college libraries, to which alone, as a rule, the student has access, vary enormously. They are most inadequately financed, and a grant of £60 a year for the upkeep of a large college library is looked upon as gene-

rous. School libraries are often deplorable. As an example of this, it may be mentioned that one of the inspectors of schools in Bengal states that in his division, school libraries are composed of second-hand books, which to judge from their miscellaneous titles might have been bought by weight. In the libraries examined by this inspector were found such incongruous books as "Gun-shot wounds, their treatment," "Oriental Crime," "History of the Devil and Witchcraft in all countries" and "What and when to drink." There is no doubt that many libraries are full of books which do not make profitable or suitable reading for school-boys. In some provinces improvements are being effected. In Bombay, boys' libraries are being established with Government aid, as distinct from school libraries. In Bihar and Orissa each district high school received in 1914-15 a sum of £40 above its usual grant. But on the whole it may be said the importance of providing library facilities for Indian colleges is not yet sufficiently realised.

Technical Education.

It is now time to turn towards, perhaps, the most important topic of all, namely technical education. We have already seen that the prevailing note of Indian education is at present literary. It is encouraging to find that there is a growing popular demand for scientific, industrial, commercial and agricultural training. As an example it may be mentioned that in the Punjab, increased stress is being laid on the provision of some agricultural training in schools, and arrangements have now been introduced for putting teachers through a practical course of agriculture at the Lyallpur Agricultural College. Throughout all India, during the last five years the number of students undergoing technical and industrial education has not largely increased, the actual figures showing a rise from 15,779 to 16,594; but nevertheless the prospects of future development are extremely good. As is noticed in another chapter, circumstances arising out of the war have combined to provide a great stimulus to Indian Industry and industrial research. With the growth of industry in different parts of India, the most crippling disadvantage under which scientific and technical education at present labours, namely the difficulty of placing its

products in positions for which their training has fitted them, will gradually disappear. So far as the higher research is concerned, individual schemes and institutions have made some progress, despite financial stringency. The Indian Institute of Science at Bangalore is doing good work. Sir J. C. Bose has established in Calcutta a Research Institute for the investigation of the sensitiveness of plants, and kindred topics. There has been notable improvement in some of the more important technical institutions, and the recommendations of the Indian Industrial Commission, to which reference is invited, are expected to aid considerably in the future development of scientific and technical education in India.

Conditions moulding Indian Education.

In all discussions about education it must be remembered that the particular type of education which must be provided is dependent upon the conditions of the country and the limitations imposed by the system of educational finance. Now in India about three persons out of every four are directly dependent upon agriculture, and in devising a system of education for them, the needs of the two different classes, which constitute the agricultural population, have to be kept in mind.

For the sub-tenants and labourers whose children are compelled to take a share in the family toil at a very early age, the simplest primary education is all that can be provided. But this primary education should be so framed as to raise the receptivity of the younger generation. If they can be trained to take an interest in the things round about them, they will be fitted to return to their homes and to the realities of life with a sense calculated to appreciate the relatively backward conditions under which they labour and a will to remedy them. So far as the landlords, large cultivators and occupancy tenants are concerned, the education to be provided should fit them to return to their land and to take an active interest in the improvement of agricultural and of village life generally. These problems of agricultural education are most pressing. The world's progress is affecting agriculture equally with other occupations, and unless the Indian agriculturist can be so equipped intellectually that he clearly appreciates this progress, he will be blind to the

new markets and to the new opportunities given to him. The future of India depends very largely upon the proper utilisation of agricultural resources. Earnest efforts are being made both by the Department of Education and by the Department of Agriculture to improve the intelligence and the productivity of the agriculturist. The two lines of work are now inseparable and complimentary. We have already seen some of the disadvantages under which primary education labours, and the efforts which are being made by the Administration to obviate them. We must now look at the work which is being done to improve agriculture in India and to enable the agriculturist to profit in the highest degree by such education as he receives.

Prospects before Scientific Agriculture.

As to the general prospects before agriculture* in India, there can be no two opinions. The country offers an exceptionally fine field for the application of science to the industry by which two-thirds of its population live. In no country in the world is there to be found so enormous an admixture of varieties in almost every crop grown. In no country in the world is the difficulty of improving the methods employed by the mass of the cultivators so great. The present ploughs and tools of the Indian farmer are such as to compel him to sit in helpless inactivity until the soil conditions are at their maximum. When he is shown a good implement he usually replies, with perfect truth, that his bullocks cannot pull it or that it costs too much. Thousands of acres of land lie idle, awaiting only the application of manure, water and industry to yield tons of valuable crops. As an example of what can be done it may be stated that in Chhattisgarh in the Central Provinces, sites once considered unculturable have been taken in hand by the Agricultural Department and have yielded excellent crops of cotton, of ground nuts, and cane. Land for which a rent of 4*d.* per acre was paid only two years ago, now fetches as much as 13*s.* per acre. Two years ago its purchasing price was about 4*s.* an acre and now the price has risen to £5. From this one example some idea can be gauged of the prospects of scientific agriculture

* This section is based upon the Reports of the Provincial Departments and of the Agricultural Adviser to the Government of India.

in India. The importance of the research and experimental work required to determine these prospects more accurately, cannot be over-emphasised. During the 12 years that the reconstituted Department of Agriculture has been in existence, most tangible results have been obtained in several directions. First has come the improvement of crops suitable to the country, by the selection and organised distribution of improved seeds. If pure strains are selected by an economic botanist, greater yields per acre can be gained in every case and a larger market price per unit of produce. A second method is the transfer of the best indigenous methods of cultivation and the best indigenous implements utilised in certain areas to other more backward parts of the country. Further, with better communications, localities particularly adapted to certain crops can specialise in them. Under the old self-contained Indian village system, each village has to grow all of its own requirements of everything, irrespective of the special fitness of the land for all crops.

Work of the Department of Agriculture.

The distribution of improved varieties of seeds has prepared the way for improvements in manure and cultivation. It has given the agriculturist an incentive to better methods of treating his land by showing him that there are possibilities of increased profits from agriculture, outside those furnished by a rise of prices. Careful investigation in each distinct tract by thoroughly trained officers filled with zeal for accurate work is necessary before a certain practice can be recommended with confidence. But here the vagaries of the season may frustrate much good work. In the event of a failure of the monsoons, the money spent on manure may be all wasted, and " once bit always shy " is a favourite proverb in India.

Scientific agriculture in India, like every other branch of Government's activity, labours under the disadvantages of being under-financed. Excellent work is being done, but it is being done on a pitifully small scale. The Research Institute at Pusa, which is the Headquarters of the Imperial Department of Agriculture, costs only £35,000 a year and the total expenditure of all

Pusa.

the provincial departments which attend scientific agriculture up and down India, amounts to a little more than £300,000. It is probably safe to say that if India could invest ten times this amount in scientific work directed towards the improvement of agriculture, the money would be well spent. The Pusa Institute, since its beginning in 1905, has had a record of which any institution might be proud, but is under-staffed and is set in a somewhat inaccessible position. Much useful research work is however being done by the Provincial Departments of Agriculture, but here also there is great scope for expansion especially in the investigation of local problems.

Work on Food Crops.

A brief survey of the work which has been done for the improvement of agriculture during the period under review will speak more clearly for the desirability of increasing the resources of the Agricultural Department than numberless pages of argument. Much attention is being devoted to increasing the outturn of food crops which, in the present condition of threatened world shortage, may well prove to be of vital importance to humanity as well as to the Empire. The total area under wheat has risen from 32·9 million acres to 35·5 million acres within a year; but on account of unfavourable conditions the total yield fell from 10·2 million tons to 10·1 million tons. Most of the Indian wheats are of low quality and in consequence fetch low prices in the world market. The straw is also weak. The aim of the experiments in wheat breeding has been to combine high grain quality with increased yielding-power and strong straw. These objects have largely been obtained at Pusa in the strains known as "Pusa 12" and "Pusa 4." About 500,000 acres of these varieties will be grown by cultivators in the next twelve months, and the increased profit which will ensue is reckoned to be £1 an acre.

Very important has also been the work done in connection with rice. There is no need to emphasize the great importance of the rice crop to India both from the point of view of internal consumption as a staple food and also as an article of export. The world export trade of rice is practically under the control of India, Indo-China and Siam, the export of rice from India

amounting to 40 per cent. of the total. The area under paddy fell from 80 million acres in 1916-17 to 79 million acres in 1917-18, but the total outturn rose from 34 million tons to nearly 36 million tons. The work of the Agriculture Department in connection with this crop consists not only in the evolution of strains of superior yielding power and the distribution of their seed, but also in changing the methods of cultivation by effecting a reduction in the seed rate. Important experiments have also been conducted in connection with the manuring of paddy soils with organic and phosphatic fertilisers.

Cotton.

Much attention has been devoted to cotton. The Indian cotton is, as a rule, of a short staple, and the efforts of the Department have been largely directed towards the introduction of the longer staple so much in demand by the world's market. During the year under review the total value of raw cotton exported amounted to some £27 millions, and that of manufactured cotton to some £8 millions. This combined value, which was the highest recorded, was almost entirely due to the high range of prices of raw cotton. As one effect of high prices the total area under crop has risen steadily. In 1916-17 it was just under 22 million acres, while in 1917-18 it was nearly 25 million acres; but owing to unfavourable conditions the total yield fell from 4·5 million bales (of 400 lbs. each) in 1916 to 4 million bales in 1917-18. Even so, the improvement of the staple of a crop of this magnitude is no light task. None the less the work of the Agricultural Department has been attended with a large measure of success. In Madras, for example, an energetic campaign has been carried on against the low grade cotton, with the result that it was practically stamped out in 1916-17. It is estimated that there were at least a quarter of a million acres of superior cotton under cultivation in 1917-18, and at a very conservative estimate the agriculturists of this locality have benefited to the extent of some £300,000 from the work of the Department. In the Central Provinces, also, a large extension of long staple cotton is to be looked for. Most striking have been the yields obtained from soil which was formerly looked upon as too poor for cultivation. In the Punjab, the type of cotton known as

American 4-F is rapidly gaining wide popularity, and it was estimated that during 1918 in the Canal colonies alone nearly 400,000 acres—well nigh double the acreage of 1917—was sown with the seed provided by the Agriculture Department. The extra gain to the producer at a very moderate valuation is estimated at £500,000. The immense possibilities which lie before both the extension of long-stapled cotton throughout India and the improvement of existing methods of ginning and marketing, have not escaped the notice of the Administration. The whole question has recently been examined by a Committee, one result of whose labours is already apparent in the establishment of a Cotton Contract Committee in Bombay, pending the establishment of a Central Cotton Trade Association.

Other Crops.

Other crops have received the attention of the Agriculture Department with beneficial results. The subject of the Indian sugar-cane industry was considered at the last meeting of the Board of Agriculture held at Poona, and it was felt that the industry stood in need of immediate attention. With the exception of cotton manufactures, sugar is India's largest import, the quantity imported during the year 1917-18 being nearly half a million tons. There are at present 39 sugar factories in the country, and the maximum amount that they can produce is about 500 tons per day. Important experiments in improving the cane crops are being conducted at the cane-breeding station at Coimbatore. The improved varieties of cane there evolved are sent for trial to the provincial Departments of Agriculture, and in many cases remarkably heavy yields are being obtained. The main efforts of the provincial Departments, however, are directed not so much towards introducing better canes as to improving the general standard of cultivation. One great obstacle to the rapid spread of the cane industry is the difficulty which is found in providing the agriculturist with cheap and effective machinery for crushing the cane, but the Sugar Engineer of the United Provinces Agricultural Department has now practically solved the problem of a small plant with simple machinery, suitable for about 300 acres, which will turn out white sugar of good quality.

Non-food crops in India are also receiving attention from the Department. In the case of jute, the importance of which to India and the Empire can hardly be over-estimated, experiments are being undertaken with the object of introducing varieties which will give a larger crop per acre. The area under jute in India rose from 2·7 million acres in 1916-17 to 2·73 million acres in 1917-18, and the total outturn exceeded that of the previous year by 6 per cent. The yield per acre showed an average of 66 lbs. more than 1916-17. Much useful work has been done by the Department of Agriculture in investigating the diseases to which jute is subjected and in making trials of different kinds of manure with the object of increasing the output.

Like jute, indigo is also a crop the production of which has been immensely stimulated by the war. With the demand for dyestuffs, which became universal when the supplies of synthetic dyes from Germany were cut off, those natural dyes which were still obtainable, of which indigo was the most important, found a ready market. The annual exports of this dye from India rose from 142,000 lbs. just before the war and 600,000 lbs. in 1914-15 to 1·4 million lbs. in 1916-17. But the developments of the synthetic industry in the United Kingdom and the restrictions on shipping re-acted unfavourably on the area under this crop, and in 1917-18, there was a fall off amounting to 14 per cent. With the cessation of hostilities and the consequent easing of the situation as regards transport facilities, natural indigo will have to compete with the synthetic dye produced abroad, and the future of the industry will be decided by the aid which research can give to it. The Indigo Research Chemist at Pusa has demonstrated during the last two years that great improvements can be made. A simple process for extracting indican from the Java indigo plant has been evolved, and if steps are taken to adopt such improvements at once, the future of natural indigo is by no means unfavourable.

In tobacco also there seems to be a great future before the Indian industry. So far, the problem has been to turn out a tobacco, either by selection or by hybridisation, suitable for cigarettes, of which 906 millions were imported in 1916-17, and

more than 1,300 millions during 1917-18. A suitable type has been selected at Pusa and seed sufficient for a thousand of acres of new cultivation has been distributed during the year.

Much attention has also been paid to oil seeds by the Agricultural Department which is investigating carefully the various diseases to which these crops are subjected. In the Madras Presidency, where the copra crop is of great importance, experimental stations have been started on typical soils to study it. The yield of nuts from different trees is being carefully recorded, and it is hoped that in course of time a thorough knowledge of the habits of cocoanut trees, which can be turned to account for increasing the output, will result.

In coffee and rubber also good work has been done. Of coffee, the total area in India is some quarter of a million acres, and one of the most important advances in recent years has been the realisation of the necessity for better seed selection, and the possibility of raising a new and vigorous strain. The principal work on the rubber crop, has been the investigation of the diseases from which it suffers. Since the outbreak of war, the exports of rubber have remarkably increased, and now amount to nearly eight and a half million pounds, nearly eight times the annual average exports during the five years before the war.

Important experimental work in connection with fruit culture has been undertaken in Baluchistan. The three principal lines of investigation have been the working out of a method of packing which will enable fruits to reach more distant markets and to command higher prices, the organisation of a supply of well-grown trees of important varieties, and the devising of improvements in orchard cultivation with a view to the saving of irrigation water. The demand for fruit is likely to increase every year, and as soon as the prices of box-boards settle down, the manufacture of packing boxes will be handed over to a local agency. As a sample of the work done by the Department, it may be mentioned that at present the season for the peach in Peshawar, which lasts until the coming of the peach fly, has been lengthened from 45 days to 90 days by the introduction of

early varieties. The length of the plum season has similarly been extended from 30 to 90 days.

Fodder.

Fodder crops and grasses naturally constitute a problem of vital importance in a country where the bullock is the principal motive power for cultivation. The use of power chaff cutters has shown that a substantial saving can be made on the present quantities realised. It has also been shown that maize can be grown for silage and removed in plenty of time to allow other crops to grow. In addition, grass and sugarcane have been proved to give a useful silage while lucerne and guinea grass continue as serviceable additions to the fodder supply. A very important step has been the creation of fodder reserves in districts which are prone to fodder famine. Progress has also been made in the study of the various factors involved in the better preparation and utilisation of fodder.

Certain investigations of minor importance which have been pursued during the year under review are not without interest. In the United Provinces, botanical experiments have been carried on with a view to improving the morphine content of Indian opium, to enable it to compete with the opium of the Ottoman Empire in the production of certain valuable alkaloids. It is hoped that the success of these experiments will introduce an industry of considerable value to India. Other investigations of considerable importance have been directed towards ascertaining how water can be used to the greatest advantage and the least possible damage to the soil. Tracts abound in India in which agriculture is impossible without irrigation, and investigations on a systematic scale into the many problems connected with its chemical and physical effects will be carried on as soon as sufficient staff is available.

Insect Pests.

Further, much successful work has been carried on at Pusa and in the various Provinces with the object of controlling the outbreak of insect pests. The staff available is very small, and while appreciable progress continues, it will take years to eradicate from the mind of the cultivator the idea that blights come

from the clouds and are a punishment from heaven. Here, however, the Education Department can directly co-operate. The inclusion in the primary school course of simple lessons, dealing with the life-history of important insect pests is one of the means by which the rising generation of cultivators can be familiarised with the way in which these creatures breed. Gradually, it is hoped to instil into the minds of the people the notion that pests can be controlled, and that the damage caused annually to crops can be minimised at the cost of a little intelligence.

Important investigations into the pests of cotton, of rice, of sugar-cane, of tea, of coffee, and of other important crops are being pushed with vigour by the Department. Experiments are being started to find out successful methods of coping with them, and of preventing infection spreading from one district to another. Investigations have also been conducted into the possibilities of increased cultivation of such useful insects as the silk worm and the lac insect. In addition to scientific investigations of this kind, much work has been done in the way of agricultural engineering. The demand in India for improved implements, which has arisen within the last decade or so, has been created and fostered by the Agriculture Department. In addition, there is ample scope in India for the introduction of labour-saving machinery such as reapers, winnowers, pumping plants, and so forth. The instalment of pumping machinery has resulted in protecting large areas of land from drought. Tube wells have been put down in many places during the last year and steam ploughs have continued to do good work.

Veterinary Work.

Veterinary problems are of great importance in India, for it has been calculated that there are 65 head of cattle to every 100 head of population. The improvement of the breed, both in the way of milk-giving capacity and of strength, thus becomes a problem of the greatest urgency. One of the difficulties has been to prevent mortality among cattle from such diseases as rinderpest. The investigations of the Department are to some extent rendered fruitless by the ignorance of the villagers, who do not sufficiently understand the contagious nature of the disease

and the ruinous results which follow from the neglect of ordinary precautions. Much work remains to be done. The general ideas prevailing regarding cattle breeding are reported from many quarters to be deplorable. Progress is slow because the cultivator will not take up new methods until he is convinced beyond all possible doubt that he is going to do much better without a large extra expenditure of labour and of money. Here, again, the resources of the Department are quite inadequate to the importance of the work which is being undertaken.

The Problem of Improving Agriculture.

One of the difficulties of improving agriculture in India has been the lack of capital available to the agriculturists. India to-day provides an apt illustration of the truth of the dictum that the destruction of the poor man is his poverty. Agriculture, while the foundation of all other industries in India, is painfully undercapitalised. The problem is how to place within reach of the cultivator the improved seed, the improved implements, the improved methods, which are necessary if Indian agriculture is to become what it ought to be. Unless Indian agriculture can be placed upon a more scientific footing it is difficult to see how India is to bear the economic burden which no nation on the road to self-government can escape. The solution of this vital problem is being found more and more in the Co-operative movement.

Co-operation.

* Co-operative societies for the joint purchase of agricultural requirements and for the joint sale of their members' produce are coming into prominence. Agricultural Credit societies are fulfilling a most useful purpose in raising the economic condition of the cultivator. During the period under review, there has been a great movement in the direction of putting societies of both kinds on a sounder basis. For the last few years there has been a tendency towards increasing the number of societies, the roll of members and the amount of working capital. There is now need of steady progress on thoroughly sound

* This section is based upon the Reports of the Provincial authorities on the progress of the Co-operative movement.

lines. The founding of unlimited societies which promptly proceed to conduct their financial operations with the casualness peculiar to persons who only arrange for a loan and not for its repayment, is not calculated either to popularise the movement or to conduce to that feeling of relief and confidence among the community which true Co-operation engenders.

Co-operation in 1917-18.

However, the fact that the Co-operative movement has come so well throughout the period under review must be taken as greatly to its credit. The low price of agricultural produce and the high price of ordinary commodities, a marked decrease in local deposits and heavy withdrawals for investment in the War Loan, combined to place a great strain upon it. But nevertheless it has weathered the storm very successfully. In Bombay, for example, the total number of agricultural societies has risen from 1,100 to 1,600 during the period under review. The number of members has increased from 80,000 to over 156,000. Madras, again, shows a net increase of more than 300 societies; Bengal an increase of over 500; and Bihar and Orissa of nearly 300. On the other hand, in the United Provinces, the number fell at the beginning of the period under review from 3,000 to 2,900, though by December 1918 it had again increased to 3,100. The movement here is not flourishing as in some other parts of India, and the Local Government reports that there is urgent need of increased propaganda work, to instil the principles of Co-operation into the mind of the people, and to make them less dependent upon official initiative. The Punjab, while it shows a rise of 500 in the number of Co-operative societies, shows a decline in membership from 129,000 to 125,000. The decrease was due to the removal of undesirable members.

One encouraging feature of the Co-operative movement is its increasing application to purposes other than mere credit. In many parts of India, Co-operative societies are working in close conjunction with the Agricultural Department. Societies in Bombay, for example, have been established for the purchase of concentrated manures, of iron ploughs, of yarn for hand-loom weavers. Other societies for the sale of cotton and for the

ownership of stud bulls are doing very well. In Madras, a joint conference between the officers of the Agriculture and of the Co-operative Departments was held in July 1917, and the lines upon which the Departments could work more closely together were thrashed out. In general, it has been found in various provinces that the Co-operative societies are able to relieve the Agriculture Department of much work in connection with the distribution of seed, the purchase of improved implements and the like, which had hitherto constituted a serious hindrance to the work of scientific investigation. In various parts, particularly Bengal, Bihar and Orissa, and the Punjab, an important development has recently taken place in the form of Co-operative federation. In Bengal, for example, a provincial federation has been developed, to which within three months of its inauguration 28 central banks belonged. The federation has not only attracted large sums of money at reduced rates, but it has also afforded facilities to its members for the profitable interchange of their surplus funds. A Co-operative union has also been founded in the Punjab, taking the form of a combination of the central banks and banking unions. Progress has also been made in different parts of India in educative and propagandist work. In Bombay several training classes for secretaries have been organised both by the Co-operative Department and independently by groups of co-operators. Numerous conferences and meetings have been arranged. In Bengal, the Bengal Co-operative Organisation Society, Limited, a society on the model of the Irish Agricultural Organisation, has been inaugurated to train co-operative workers, to organise a library of co-operative literature, and to carry on propaganda by means of English and Bengali journals.

Co-operation and Agriculture.

On the whole, it must be said, that the year has been a favourable one for the Co-operative movement, although a careful study of the reports on the working of Co-operative Societies in the various provinces cannot but give the reader a feeling that the necessity for caution, emphasised above, is a real and pressing one.

Communications: their Importance.

Among the difficulties which hinder the progress of Indian agriculture, despite all the efforts of the Agricultural and the Co-operative Departments, may be mentioned the lack of good roads. Some of the best agricultural districts of India are cut off from trunk roads and railways and are inaccessible for most of the rainy season. There are some districts in Central India where it costs £1 to get a half ton load by bullock carts to rail-head. A very serious economic loss is thus caused to the farmers of India, year in and year out. Further, the difference of gauge on Indian railways is another disadvantage. The narrow gauge system constitutes the only railway facility for about one-third of the country; but since there is no narrow gauge connection with any Indian seaports, an expensive transhipment to broad gauge at junctions has to be paid for by the producer. There are also questions connected with the tenure of the land which operate to hinder the scientific development of agriculture. Holdings are in many places divided into such small patches that profitable cultivation becomes almost impossible. Further, in other parts of the country, the land is cultivated by tenants-at-will who pay to the landlord a rent bearing no relation to the land revenue collected by Government, and who can be ejected at a year's notice. Under this system the tenants have no inducement to farm better or grow larger crops.

Importance of Irrigation.

One of the most important conditions of the growth of agriculture in India, with all that depends upon that growth, is the irrigation system.* It must be explained that in India irrigation is carried out in one of four ways. The first is by placing some form of barrage across a river which flows throughout the year and diverting the water by means of a canal to the country to be irrigated. It is on this principle that the great perennial canals of northern India are constructed. The second method is by leading canals direct from rivers without the use of barrages. These canals obtain no water until the river reaches

* This section is based upon the Provincial Reports and upon the Review of Irrigation.

a certain height. They are known as inundation canals and constitute the majority of the canals in Sind and many of those in the south-west of the Punjab. The third method is by building a dam across a valley and storing the rainfall water during the monsoon, the water so held being distributed to the neighbouring lands by means of canals. The reservoirs thus formed vary in size from the tiny village tank to the monumental works in the western Ghauts with masonry dams up to 270 feet in height. The fourth method is by lifting water from wells either by indigenous and primitive methods such as the leathern bag drawn by bullocks and the Persian wheel, or by means of power-driven pumps. The latter system is gradually growing more common, thanks to the efforts of Government agricultural engineers.

Irrigation Works.

It should further be noticed that for the allotment of funds, the Government irrigation and navigation works of India are classified under three main heads; the first, productive works; the second protective works; and the third, minor works. The main condition which must be satisfied before a work can be called productive is that there must be reason to believe that the net revenue derived from it will, within ten years of completion, suffice to cover the annual interest charges on the capital investment. To the end of the year 1917-18, the capital outlay on productive works excluding canals used solely for navigation had amounted to £38·5 millions. In that year, the total receipts, including land revenue due to irrigation from the productive canals amounted to £4·7 millions, and the total expenses including interest to £2·7 millions. The net profit for the year 1917-18 therefore from productive works was thus £2 millions, giving nearly 5·2 per cent. upon the original outlay.

Protective irrigation works are those, which, though not directly remunerative to the extent which would justify their inclusion in the class of productive works, are constructed with a view to the protection of precarious tracts. They guard against the necessity for periodical expenditure on the relief of the population in times of famine. The cost of these works is a charge against the current revenues of India, and is generally

met from the annual grant set aside for famine relief and insurance. Up to the end of 1917-18, the capital outlay on protective-works was £6·7 millions. For the year 1917-18 the total receipts, including land revenue due to irrigation, amounted to nearly £1 million, and the total expenses, including interest on debt, to £315,000. The net loss, amounting to just over £213,000 represented a percentage of 3·2 upon the capital outlay.

Minor works comprise those irrigation and navigation works which are not classed as productive or protective, as well as agricultural works which are undertaken for the general improvement of the country. The outlay upon minor works is met from current revenues. There are some 120 of such works for which capital and revenue accounts are kept, the capital expenditure upon which totals some £4½ millions. The direct and indirect receipts in 1917-18 were nearly £384,000, the result being a net profit of neary £142,000.

Irrigation in 1917-18.

During the year 1917-18, the total length of main and branch canals and distributaries from which irrigation was done during the year aggregated over 65,500 miles. This length will have been increased by some 700 miles before the end of the financial year 1918-19. During 1917-18 these channels irrigated an area of 25¾ million acres, out of a total culturable commanded area of about double that extent. Owing to serious deficiencies in rainfall, it is expected that the area irrigated during 1918-19 will fall short by about 1¼ million acres of that which was realised last year.

Besides the canals actually in operation, the workings of which are briefly summarised above, there are 34 major works either under construction, awaiting sanction, or being examined by the Government of India and the Local Governments. If these works are all undertaken, they will extend the benefits of irrigation to an additional area of about 11 million acres a year. They are estimated to cost £32 millions and to produce a net revenue of nearly £2½ millions.

Fresh Schemes.

During the period under review three schemes of the first magnitude were under investigation, and it is hoped that projects for these

will soon be prepared. Of these, the Sukkar barrage project in Sind provides for a weir across the Indus, with two large canals taking off from the right and left banks of the river to supply water for the perennial irrigation of areas now dependent upon inundation canals. The estimated capital outlay amounts to over £7⅓ millions. Another extensive project is that of the Sind-Sagar-Doab Canal in the Punjab, which comprises a barrage on the Indus river with an extensive canal system. This scheme will provide for the irrigation of some 200,000 acres, and will cost about £5⅔ millions. Another project, which is estimated to cost £7 millions, is the Bhakra Dam Scheme on the Sutlej, also in the Punjab. This is being designed to store water to a depth of 360 feet above the river bed. About 1·4 million acres will be irrigated; and the dam, if built as now designed, will be higher than any in existence.

Three important projects are now under the consideration of the Government of India. The Cauvery (Metur) reservoir project in Madras consists of a dam, a canal 78 miles long, and a connected distributary system. The works are estimated to cost between £2 millions and £3 millions and to yield a return of over 5 per cent. on the capital cost. They will, it is anticipated, give 371,000 acres of new irrigation, in addition to providing for the complete control of the present fluctuating supplies of the Cauvery-delta system. The second great project at present under consideration is the proposed Sarda canal for Oudh, which will, if constructed, rank among the largest irrigation works in the world. The gross area commanded is over 8 million acres, of which only 2 million acres will be irrigated annually. The net capital outlay is expected to be about £5¾ millions, and the net revenue anticipated will represent a return of over 8 per cent. on this outlay. The third big scheme is the Sutlej Valley project, which is the largest under consideration; it will irrigate more than 3 million acres in the Punjab and certain Native States.

At the present moment no less than 13 per cent. of the total cropped area is irrigated by Government irrigation works, and the estimated value of the crops so irrigated in a single year exceeds by more than 25 per cent. the total capital outlay expended on

these works. The greatest area irrigated by Government works in any one Province is to be found in the Punjab, where nine millions of acres so depend for their water-supply. For the past 25 years 270,000 acres annually have been added to the irrigated area of the Province. Until the early eighties, canal construction had been confined to the more populous parts of the Punjab. Thereafter the drier districts and waste lands began to receive attention. Inundation canals taking off from the right bank of the Sutlej opposite Ferozepore and from the left bank of the Ravi near Multan, were constructed between 1883 and 1887, and being immediately successful afforded valuable experience in colonization. The precedent has been followed with vigour. The most important of the canals which enable land, formerly waste, to be brought under cultivation is the Lower Chenab canal. This is easily the most productive canal in India. In 1917-18 it irrigated more than $2\frac{1}{4}$ million acres, and produced a net revenue of nearly £900,000 representing a return of no less than 40 per cent. upon the capital outlay. Another very important canal of the same order is the Lower Jhelum canal. This canal irrigates 800,000 acres, and returns over 20 per cent. upon the capital outlay of over £1 million.

Irrigation in the Provinces.

Punjab.

In Madras more than 7 million acres are irrigated by Government works. During the past half century, the area irrigated by productive and protective works together has more than doubled. Prior to the advent of British rule, irrigation from tanks and inundation channels had been extensively practised. Up to the year 1876, all the irrigation works constructed by the British took the form of diverting the rivers either directly on to the fields or into existing tanks. But in that year further extensions of irrigation necessitated the construction of new storage works. Among these may be mentioned the Periyar lake, which is perhaps the boldest and most interesting reservoir scheme in India. The Periyar river, with its source in the Western Ghauts, flows westward through Travancore. The Madras engineers constructed an immense masonry dam 175 feet in height—no light

Madras.

task in an almost inaccessible gorge 3,000 feet above the sea—which created a reservoir of over nine million cubic feet capacity. The water from the reservoir is carried by means of a channel 1¼ miles long through a range of mountains to the opposite side of the watershed, thereby diverting the river from the western to the eastern slope of the ridge. The lake came into operation in 1896, and in 1914, 174,000 acres were being irrigated from it.

Bombay.

In Sind and the Deccan together over 4 million acres are irrigated by Government works. Canal irrigation works in Sind are of quite a different nature from the canal irrigation in other parts of the Bombay Presidency. The soil of Sind is mostly very fertile, but until it is brought under irrigation, the land presents everywhere the appearance of a desert. The canals are mainly dependent upon their water supply on inundation and the Sukkur barrage scheme, to which reference has already been made, is designed to remedy this. In Sind over 3¾ million acres, more than one-fourth of the culturable area of the Province, are irrigated. In the Deccan and Gujerat, however, no more than 300,000 acres out of 28 million acres, classed as culturable land, are under irrigation, so that the prospects before future development may be said to be almost incalculable. The capital expenditure on irrigation works in Sind up to date has been over £2 millions, and the gross revenue derived from it has been some £335,000. In the Deccan and Gujerat, the capital expenditure has been some £4 millions, and the revenue from all sources nearly £103,000.

United Provinces.

The United Provinces contain nearly three million acres of land irrigated by Government works. In 1917-18, the gross revenue from all classes of works amounted to nearly £900,000, giving a net revenue of some £580,000. Reference has already been made to the Sarda canal project which is under consideration.

An increase of no less than 80 per cent. upon the present area irrigated by Government works is contemplated by future projects.

In Burma there were numerous indigenous irrigation works, but when the country was annexed these were found to be in a very bad state of repairs. Head-works have been remodelled and canals regraded. The general progress of productive, protective and minor works has been satisfactory. In minor works, in particular, the works have been so fruitful that the irrigated area has extended from 200,000 acres to treble that area. There are only three productive irrigation works in operation, all of them of recent origin. The Mandalay canal irrigates 63,000 acres, the Shwebo canal 160,000 acres, and the Mon canals when completed will probably irrigate some 68,000 acres.

Burma.

In the case of other provinces, irrigation works play a less important part in cultivation. Bihar and Orissa has something over 800,000 acres irrigated by Government works; the North-West Frontier Province over 360,000 acres; the Central Provinces and Berar, 145,000 acres; and Bengal 115,000.

Great indeed in its results has been the work of the Irrigation Department of India—so much at least is apparent even from this brief review. At least equally great is the work which lies in the future; for upon the development of irrigation must largely depend the development of the immense agricultural resources of the country.

Among India's natural resources, her forests* are not the least. The war has had a considerable effect in drawing attention to the importance of forest industries. To take but one example, the question of the future supply and control of teak timber for the shipbuilding world has been under consideration. Steps will be necessary to maintain and increase the outturn of this timber, of which more than 25,000 tons was exported in 1916-17 at a valuation of over £300,000. War conditions have also drawn attention to the necessity of improved arrangements for the supply of timber for military requirements, for railways, and for other Government Departments. For sometime past the Government of

Forests and the War.

* This section is based upon the Quinquiennal Forest Review and the Provincial Reports.

India has had under consideration the question of establishing timber depôts in Calcutta and other important trade centres, with the object of increasing the utilization of Indian timber in place of the large quantities of timber imported from other countries. Messrs. Martin and Company of Calcutta have been entrusted with the working of this depôt, and Messrs. W. W. Howard Brothers and Company of London have been appointed agents in Europe for the sale on behalf of the Government of India of Indian woods of all descriptions. With a similar object in view, the Government of the United Provinces has decided to create a separate Forest Conservator's Circle for Utilization, that is to say, for exploiting the markets and bringing the Forest Department more closely into touch with their requirements. It is anticipated that much of the present waste wood can be converted into useful materials, and that many timbers, hitherto considered unsaleable, may be put on the market in such shape as to command a ready sale. The Government of India is now beginning to perceive the importance of developing all round forests which have hitherto been worked only for their most valuable timbers, in order that India may assist in meeting the great demand for timber that is certain to arise now that the war has been concluded. The profits to be derived from Indian forests, both now and in the future, are very considerable. During the financial year 1916-17, the total revenue derived from the forests of India and Burma was some £2½ millions. The grand total of expenditure including establishments and all charges was £1¼ millions, leaving an available surplus of the same amount. An investigation of past figures shows that this surplus has increased nearly tenfold during the last 50 years. There is every reason to suppose that it will continue to grow with the promising development of many forests industries. First among these industries is the resin industry, which is located principally in the United Provinces and in the Punjab. In the year 1916, the operations covered 62,000 acres of forests, and gave employment to 2,400 operatives. During the year under review a new resin distillery on the most modern lines has been erected at

Forest Industries.

Bareilly in the United Provinces; and the output of Indian resin, which amounted to nearly 3,000 tons in 1916, may be expected to increase largely in the near future. There are also excellent prospects before the development of the paper industry. The consumption of paper and of pasteboard in India amounts roughly to about 75,000 tons per annum, of which at present India herself supplies about one-third. Forest areas contain enormous supplies of bamboos and elephant grass which could be utilised for the manufacture of the 50,000 tons of paper and paste boards which India now imports annually. But before the forest industries of India can be established upon a sound basis there is need of expert investigation upon a more extensive scale than has hitherto been possible. At present research and experimental work in connection with the forests of India are carried on by the Forest Research Institute at Dehra Dun. The Industrial Commission decided that the existing equipment was insufficient to meet the calls made upon it, and they recommend measures which would supply a satisfactory link between the work of the laboratory experts and the development of successful commercial undertakings.

In addition to stimulating the development of forest industries, the war has profoundly affected the normal activities of the Forest Department, which has taken an important share in supplying materials for war purposes. Large quantities of sleepers have been supplied by the Provincial Departments to the Munitions Board and to the Railways for war purposes. From the forests of Burma, for example, no less than 115,000 tons of timber has been furnished for military purposes. Large Army indents for baled hay have also been successfully met. Tanning barks have been supplied to the Military Department in considerable quantities, in connection with the growing tanning industry of India.

Among the natural resources of which the potential developments have but lately been realised in India, must be mentioned the fisheries. As yet, no attempt has been made to organise and control them by the Central Government: but certain of the Provinces are devoting increasing attention to the question

Fisheries.

of their development. In Bengal, for example, where 80 per cent. of the population consume fish as a regular article of diet, and where last year 1,100 tons were supplied to Calcutta alone, the scientific exploitation of the sea and fresh water fisheries is a matter of the first importance. The industry at present is carried on under very bad conditions, due to the ignorance of the fishermen, and their merciless exploitation by middlemen. There is a Department of Fisheries under the Local Government, but it is greatly in need of increased staff and larger funds if the work of development is to be taken up energetically. In Madras substantial progress has been made, and the local Fisheries Department has shown that much can be done to improve the methods of sea fishermen in drying fish and preparing fish oil and fish manure. The possibility of preparing tanned and cured fish of high quality has been amply demonstrated on a commercial scale. The Governments of Bombay and Burma at present possess no Departments of Fisheries, and the Industrial Commission recommend them to consider the desirability of such establishments. In the latter province, the prospects open to future development are very considerable. Despite the abundance of excellent fish in the rivers and on the coasts, some £400,000 worth of fish was imported in 1913-14.

Scientific Research.

No account of the lines along which the development of India's resources is proceeding would be well-balanced without some reference to the attention which is being paid by Government to organised scientific research. Valuable work has been done by the Board of Scientific Advice, which includes the heads of the Forest, Meteorological, Geological, Botanical, and Survey Departments, as well as representatives of the Agriculture and Civil Veterinary Departments. It was established in 1902 to co-ordinate scientific enquiry, and to advise the Government of India as to the best way of prosecuting practical research into those questions of economic or applied science which are of such vital importance to the agricultural and industrial development of the country. Programmes and investigations are submitted by the various Departments to the Board for discussion and arrangement, and an annual report is published on the work

done, as well as a general programme of research work for the ensuing year. During the period under review, a good deal of work has been undertaken by the Central Research Institute at Kasauli, which devoted nearly all its energies to the preparation of serum and vaccines, the demands for which from the various Expeditionary Forces taxed its resources to the utmost. In the Bacteriological Laboratory at Bombay, much work was done in the preparation of plague vaccine and in experiments for the destruction of rats and other vermin in houses. The work of the Indian Research Fund Association, founded in 1911 to further the prosecution of research and the propagation of knowledge in connection with communicable diseases, has suffered considerably on account of the continued absence of the majority of research workers on military duty. Important investigations have nonetheless been conducted into the prevalence of tuberculosis, into the habits of plague rats, and the hook-worm disease. The results of these enquiries are likely to have important consequences in improving the general health of the population of India. In the Meteorological Department an important part of the work done during the period under review, has been the investigation of the upper air by means of pilot balloons. The experimental work on air currents is, it need hardly be said, of immediate importance in connection with the developments of aeroplane traffic. Both the Meteorological Department and the Survey of India were very short-handed throughout the whole period under review. Survey parties have been despatched to Mesopotamia, to Salonica, to East Africa, to South-West and Eastern Persia. More than five million maps for military purposes were printed during the year. There was also a large increase of work in the Mathematical Instrument Office, the total value of instruments issued being more than 50 per cent. in excess of that of the previous year. Reference has already been made in some detail to the research work undertaken by the Agriculture Department.

Scientific Departments.

CHAPTER V.

Some Governmental Activities.

In this, the final chapter of the Report, we shall deal briefly with certain selected aspects of the work of Government. Within the limits of a survey intended for the general reader, it would plainly be useless to describe in detail the many-sided task of governing so vast a country as India, but by selecting certain topics, illustrative of particular features of the Indian polity in the central and the local spheres, it is possible to convey briefly some idea of the work which has been carried on during the years 1917-18.*

Peace and Order.

Of all the gifts which British administration has brought to India, that of internal tranquillity may be ranked among the first. It is because peace and order have been maintained throughout the land, that Indians have begun to realise their heritage of common culture, that a spirit working for national unity has awakened, that educated India, at least, has begun to find itself.

Work of the Police.

It is not easy at first glance to realise the immensity of the problem involved in preserving peace among the population of India. It may be recalled that in British India alone there are some 240 million people whose culture stages vary in the time-scale from the 5th to the 20th century. Included among these peoples are races far more diverse from one another in customs, language, and even ethnology than are to be found included in the boundaries of a continent like Europe. Some idea of the difficulties to be encountered can be gathered from a consideration of the diverse work which the force responsible for peace and order may be called upon to perform at the same moment. At

* This chapter is based upon Provincial Police Reports, Jail Administration Reports; Proceedings of the Imperial and Provincial Legislative Councils; Reports on the progress of Local Self-Government; Reports of the Sanitary Commissioner with the Government of India.

one place in India, the police may be cautioning a taxi-cab driver for exceeding the speed limit; at another place they may be fighting pitched battles with mediæval brigands; at a third they may be tracking down anarchists of a malevolence and fanaticism equal to anything that even Bolshevist Russia can boast. Year in and year out under multifarious conditions the ceaseless battle between the forces of order and disorder goes on. Upon the issue of the struggle, India's prosperity to-day and her progress in the future very largely depend. In this struggle, the brunt of the battle is borne by the police. To them more than to any other body of public servants is due the peace which is the first essential of all progress. Yet despite their services, the police are not popular in India. The Indian edited press can as a rule see little good in what they do: if they interfere to prevent a meeting which they think may lead to a breach of the peace, they are accused of attacking the most precious liberties of British subjects; if they come into conflict with a mob and disperse it efficiently, they are attacked for using violence against harmless citizens. If through excess of caution, they fail to nip rioting in the bud, they are blamed for inefficiency and indifference. If, working under conditions of exceptional difficulty, they fail to check anarchical crime, their failure is at once commented upon in bitter terms; on the other hand, should they carry precautionary measures to the extent of arresting persons against whom no case can be proved to the satisfaction of the public, they are denounced even more fiercely. In short, for all their work, the police are little trusted by the vocal section of Indian public opinion. There are indeed signs that a happier state of things may be expected before long. The indiscriminate attacks which once filled the press are disappearing; and in the cities at least the work of the police is beginning to be appreciated. But there is as yet much leeway to be made up. In India the constable is not looked upon as a friend of the peaceful citizen, so much as his potential oppressor. Partly no doubt this regrettable attitude is an heritage from bad old days, which India still too clearly remembers, when executive authority was synonymous with arbitrary power. Partly, it is due to the actual existence of a limited

amount of petty oppression on the part of ill-paid subordinates, which, despite the best efforts of the upper ranks, is not yet completely eradicated, although becoming rarer day by day. Principally, however, it may be surmised that this attitude arises from the fact that the police, being the arm of the Administration which comes most frequently into contact with the people at large, becomes unconsciously identified with the Administration itself in the minds of all those who are discontented with the existing regime. As a consequence, the police have to some extent to carry upon their shoulders a burden of criticism which should properly be shared among all departments of Government.

It would be idle to deny that there is room for improvement in the present police system of India. Like every other service it is cheaply run on account of the poverty of the people. The total cost of the civil police in 1916 was £4·4 millions, which works out at only 4*d.* per head of the population. The total average cost per man of the whole civil police of British India, officers included, is about £21 per annum. It is difficult to see how, when the cost of the force is so moderate, its standards can be expected to rise higher.

Cost of the Police.

The root of the problem here, as in so many other branches of the Indian Administration, is financial. But the irony of the situation is that those who criticise the existing police system most bitterly are often the fiercest opponents of the introduction of improvements, when, as must inevitably be the case, these improvements cost money. It would not be too much to say that most of the defects of which the police can fairly be accused arise from the fact that in the subordinate ranks the pay is not sufficient to attract men of the right stamp to perform the difficult and responsible task of safeguarding public peace.

During the period under review, there have been complaints from almost every part of India as to the hardships which the present cost of living imposes upon the rank and file of the police. In Madras and in Bombay, the police reports frankly state that the constable's pay has almost ceased to be a living wage. The natural result of this has been an increasing difficulty in recruitment. In the latter Presidency, for example, while the total

strength of officers and men sanctioned was over 27,000, the total strength entertained was just over 25,000, leaving a shortage of over 2,000. The shortage of men to fill vacancies naturally results in leave difficulties, inadequacy of the ordinary reserve, and considerable discontent. Recent recruiting on behalf of the Army, together with increase in cost of living, has also militated powerfully against filling vacancies in the police force. War allowances have, it is true, been sanctioned and increased from time to time, but even so the vacancies reported from most provinces are alarmingly great.

Improvements necessary.

The Central and Local Governments are fully alive to the seriousness of the situation, and schemes for improving the pay and prospects of the rank and file, for providing them with suitable accommodation, and for maintaining a more adequate reserve, are under consideration almost everywhere. In many provinces, the line of advance favoured by the local administration seems to consist in substantial improvements in pay, combined with a reduction in the total numbers, which, it is believed, will be justified by the increased efficiency resulting. Much, indeed, has already been done. The expenditure sanctioned for schemes of improvement amounted in 1917-18 to some £72,000. Expenditure sanctioned for similar objects in 1918-19 amounted to more than £200,000, in which sum was included the estimated cost, some £80,000, of the improvements in pay of the "imperial" police, recently sanctioned by the Secretary of State.

The period under review has been one which has exposed the police system of India to a severe strain. In the first place, the unsettling of the minds of the population through war anxieties has not facilitated the task of preserving internal order. In another place, mention is made of some serious religious disturbances between the Hindus and the Mussalmans in various places in India ; and these disturbances may be taken as an indication that the temper of the people on the whole has been the reverse of tranquil. Further, the effect of the high prices arising from the war has naturally been to increase substantially crime of a certain type. Almost all provinces, except the Punjab and the North-West Frontier Province, report a

substantial increase of offences against property, particularly in the way of burglary. There has also been in most places a net increase in reported crime, mainly due to the conditions brought about by a serious rise in the prices of food, clothing, and in the general cost of living. The prevalence of plague in many districts, the ravages of influenza and the resultant evacuation of towns and villages have also favoured an increase of petty crime. In some districts also this increase may be ascribed to the police being under-manned owing to the large number of vacancies among the constabulary. Sporadic disorder has also broken out from time to time in Upper India, caused by resentment at the conduct of grain dealers, who have in many cases been profiteering on a large scale. Only in the Punjab and the North-West Frontier Province has crime in general decreased during the period under review. This must be ascribed partly to the fact that in these Provinces intensified recruiting campaigns have drawn off the more adventurous spirits and partly to the success of the administration in bringing criminals to justice. There has also been an extremely marked local rise in wages which has done much to off-set any discontent arising from the increase in prices.

High Prices and Crime.

The particular difficulties of the police in the United Provinces and in the Punjab have been increased by the fact that a splendid response was made early in the year 1918 to the appeals of the Central Government for fresh sacrifices in the prosecution of the war. Volunteers were called for from all ranks, and in the United Provinces, 6,000 men responded out of a total of about 36,000. In the Punjab, over 2,500 men, one-eighth of the total strength, volunteered to man two military battalions formed for general service. With the pick of the rank and file turned on to military duty, the remainder were confronted with the task of maintaining order throughout districts where there had been next to no monsoon. In the United Provinces, in particular, it was found almost impossible to fill the vacancies in the ranks caused by the deputation of men to the Army. Owing to the intense efforts of Army recruiters, practically no ordinary recruits could be persuaded to join the police, and clear vacancies

in these Provinces rose from a thousand in April to more than double that number in September. The shortage of trained policemen was particularly serious, for in the United Provinces, dacoity or organised gang robbery is one of the most serious forms of crime which the police are called upon to meet. Small armed gangs rally round local leaders for some particular enterprise, terrorise peaceful villagers by acts of the most atrocious cruelty, and disperse once more. The suppression of this form of crime calls for ceaseless exertion on the part of the police. In the year 1918, there were no fewer than 2,000 dacoities as opposed to less than 1,000 in the previous year. But thanks to the unremitting efforts of the force, crime had fallen by the end of the year 1918 to the level which is normal in all years of famine and scarcity.

Criminal Tribes.

One particularly noteworthy feature in the general campaign against crime has been the restrictions placed upon the criminal tribes. These people, often nomadic gypsies, have as their hereditary profession theft or burglary, combined in some cases with the prostitution of their women. To such occupations they cling with the tenacity of craftsmen, and the difficulty of convincing them that they must earn an honest livelihood is correspondingly great. They number some 4 million individuals, and, in some provinces, are responsible for by far the largest proportion of the petty crime committed. As a result of the working of the Criminal Tribes Act of 1911, portions of these disorderly classes of the population are now concentrated into settlements where they are subject to adequate supervision and assisted to gain a decent livelihood. In this respect, noble work has been done by the Salvation Army and other societies, the authorities of which take over the administration of many settlements of criminal tribes from Government. In the Punjab and in Bombay, there has been a deliberate policy of concentrating the settlements of criminal tribes in localities where there is a demand for labour outside the settlements. In the United Provinces and other places, the policy at present followed is that of depending largely upon industries carried on within the settlements for providing adequate living wages

for the settlers. More than 7,000 members of criminal tribes, and released prisoners, are now being supervised by the Salvation Army alone, and instead of preying upon society are earning an honest living by means of agriculture and various industries.

Mention has already been made of the efforts of the police to cope with the forces of anarchy. For a full discussion of the history of the anarchical movement in India, the reader is referred to the Report of the Sedition Committee presided over by Mr. Justice Rowlatt in 1918. Here it is sufficient to say that in Bengal between 1906 and 1918, 311 outrages were committed, 1,038 persons were accused and 84 only were convicted. When the War broke out, the efforts of the police were very largely baffled by the policy of terrorism pursued by a handful of desperate men. In 1915-16, there were 64 outrages in Bengal with 14 murders, 8 victims being police officers. The Local Government realized to the full the seriousness of the situation and spared no pains in dealing with it. With the passing of the Defence of India Act, and the operation of the rules made under that Act to impose restriction upon persons implicated in anarchical or revolutionary movements, combined with the use of the State Prisoners' Regulation in the more dangerous cases, the outrages fell in number, so that from January 1917 to February 1918, there were only 10. In the year 1917-18, it was announced in the Government of Bengal Resolution dealing with the Police of Calcutta, that for the first time since 1912, no police officer had been assassinated. At the same time, the Resolution continued, supporters of the anarchical movement are still at work. The collection of weapons brought to light by the diligence of the police shows what the nature of their activities would be, given the opportunity. In one house which was searched in Calcutta, four live bombs were discovered as well as cartridges and seditious literature. It is reassuring to notice, however, that in other parts of India political crime was almost entirely absent during the period under review: but there are strong grounds for the belief that anarchy has been scotched rather than killed. The difficulties of dealing with the movement

Anarchy.

were well brought out in the report of the Rowlatt Committee; and certain proposals made by that Committee form the basis of legislation which in December 1918 was still under the consideration of Government. In coping with this danger, the heroism which has been displayed by police officers, particularly in Bengal, has been beyond all praise. But for their courage and devotion to duty, it is not too much to say that the efforts of a minute body of anarchists might have plunged India into most serious disorder at a time when the safety of the Empire itself was gravely threatened.

The subject of police leads on naturally to that of jail administration. In the year 1917, there were over 110,000 prisoners in jails, of whom 97,000 were convicted prisoners, the others being under-trial and civil prisoners. By far the largest proportion of the present population in comparison with the numerical standing of the community, was contributed by the Muhammadans. Over 30 per cent. of the jail population were Muhammadans, whereas the community constitutes under 25 per cent. of the total population of India. The bulk of the male prisoners come from the rural labouring classes, their occupations before imprisonment being described as agriculture and cattle tending. The total cost of maintaining the prisoners of India was in 1917 some £600,000. Against that has to be set the sum of some £90,000 earned by the prisoners in such industries as printing, oil-pressing, brick and tile-making, carpentry and blacksmith's work, carpet and blanket weaving, cloth, tent and paper making. The net cost to Government is therefore some £½ million a year. On the whole there is good reason to think that the Indian jail system is in some respects ahead of the jail system in European countries, and better than that of many American prisons. In India, there is a system of promoting prisoners out of the dead monotony of discipline, of giving distinctive dress and a small rate of pay to selected men. The great majority of the prisoners sleep in dormitories, quiet conversation being permitted during working hours if the nature of the occupation permits it. After lock-up every day prisoners are given slates and pencils and can read and talk quietly until the light

Jails.

fails. A great deal has been done of recent years to improve the health of prisoners, with such success that the death-rate in the prisons works out at only 1·87 as compared with 3 in the case of the rest of the population. Efforts are also directed to ensure that so far as possible the character of the prisoners shall be reformed during their stay in prison, and that on release they shall lead honest lives. With the object of increasing the efficiency of the whole system of jail administration, the Government of India are about to appoint a Jail Committee, the members of which will visit different countries and apply to India the knowledge they have thus acquired of the most modern standards of method and equipment.

The recognition of the principle that a jail is not a fitting place for adolescents, other than youthful habituals who are over 15, and therefore ineligible for admission to the reformatory school, has caused several Local Governments to adopt a scheme of segregating persons between the ages of 16 and 23 from other prisoners. Every boy is taught a useful trade, is provided with work on release, and is thus less likely to relapse into criminal habits. The system has been working very satisfactorily in Burma, Bengal, the United Provinces, Bihar and Orissa, the Punjab, the North-West Frontier Province, Bombay and Madras. Great stress is laid on moral and religious instruction and a special feature is made of physical drill. It is interesting to notice that similar steps are being taken in some provinces to reclaim some of the unfortunate youths who have been interned on charges of sedition, and the experiment promises to afford some solution to the difficulty of preventing the further spread of anarchical tendencies. The supervision of released prisoners and their encouragement to maintain the habits of an honest livelihood constitute a sphere in which the Salvation Army has done most admirable work up and down India.

Mention must also be made of the assistance given by the various Jail Departments in the provinces in the prosecution of the war. In the Punjab, for example, the two Labour Corps raised from the jails of the province for service in Mesopotamia in 1916 have been kept up to strength by drafts amounting to more than 2,000 men, and the total number of prisoners des-

patched overseas is calculated to be well over one-third of the total average jail population. Similar efforts have been made in other provinces, with results almost equally satisfactory. In several provinces also the jails have a creditable record of contribution to the necessaries of war. Large quantities of gunny bags and cloth, castor and mustard oil, blankets, and bandages and other necessaries have been supplied to Mesopotamia.

Having thus described the working of the machinery by which the law is enforced, we now proceed to examine very briefly the course of legislation, during the period under review. In previous chapters of this Report we have had occasion to notice from time to time certain of the more important measures which have been passed by or introduced in the Provincial Legislative Councils ;* but considerations of space forbid the examination, province by province, of the legislative work which has been accomplished in the years 1917 and 1918. We may however briefly describe the activities of the Imperial Legislative Council, the proceedings of which will be found sufficiently characteristic of law-making bodies in modern India.

Provincial Legislative Councils.

There were three sessions of the Imperial Legislative Council during the period April 1st 1917 to December 31st 1918, of which two were held at Simla. The session of September 1917 was important as being the first to which the new orders regarding the extension of the Simla session applied. Hitherto, only formal and non-controversial business was taken up in Simla, with the result that during the five years prior to September 1917, only two resolutions were admitted and discussed during the Simla session. In June 1917, however, the Secretary of State, after being addressed with a view to the removal of the restrictions, agreed to the proposals of the Government of India as an experimental measure. The session was therefore a very full one, as is shown by the fact that there were nine meetings against a maximum of three meetings in previous years. Notice was received of 201 questions and 46 resolutions, of which 147

Imperial Legislative Council.

* *See* for example pages 88, 117 above. Also pages 179, 180 below.

questions were actually replied to and 12 resolutions were discussed in Council.

Resolutions.

A detailed examination of the resolutions moved in the Council is of some significance, as showing clearly the active interest taken by non-official members in the work of government.

On September 13th 1917, Khan Bahadur Mian Muhammad Shafi moved that the legislative and administrative system in the Punjab be assimilated to that of the Province of Bihar and Orissa. The resolution received general support from the non-official members, and the Home Member, on behalf of Government, gave the assurance that it would receive very sympathetic treatment at the hands of Government when the whole question came to be considered. On September 19th 1917, a resolution recommending the establishment at all important centres in India of Election Courts with full powers to try disputes relating to election to local bodies and Legislative Councils was moved by Mr. M. B. Dadabhoy. Sir William Vincent having explained that Government had already taken up the question which was under consideration, the resolution was withdrawn. A resolution moved by Pandit Madan Mohan Malaviya on September 21st 1917, to the effect that the examination for the Indian Civil Service should be held simultaneously in India and in England received strong support from the non-official members, but Sir William Vincent pointed out that, as the question of recruitment to the service had been dealt with by the Public Services Commission and formed the subject of one of their recommendations, the question as to the best method of recruitment would have to be considered by the Government. On September 25th 1917, Mr. Jinnah moved a resolution recommending the appointment of a mixed Committee to examine the working of the Indian Railways Act, 1890. Sir George Barnes on behalf of Government was unable to accept the resolution on the ground that it was not possible to embark on any inquiry during the war, but promised that if the proposal was brought forward on the conclusion of peace it would receive the most sympathetic consideration. On the same date Bao Bahadur B. N. Sarma brought forward

a resolution recommending that pending the settlement of a detailed scheme of post-war reforms, the administrative approval of the Government of India to legislative measures regarding local self-government and primary education be withheld and that where sanction had already been given the Government of India should recommend to the Local Government the desirability of suspending further action in regard to such measures. Sir Sankaran Nair explained that, as it was not known what reforms were likely to be introduced, it was impossible to refuse sanction to measures generally on the ground that they might be repugnant to future reforms and he was unable, therefore, to accept the resolution on behalf of Government.

In the Delhi session, the resolutions brought forward were not inferior in importance.

On February 6th 1918, Mr. Sarma moved a resolution recommending the redistribution of provincial areas on a language basis, but the mover found very little support for his proposals and the resolution was negatived by a large majority. The same member brought forward a resolution on February 20th recommending the total prohibition of the use of alcoholic and intoxicating liquors and drugs. The resolution received strong support from non-official members but Sir George Barnes on behalf of Government, while claiming to have the cause of temperance as much at heart as the mover, pointed out the practical objections to the acceptance of the resolution.

Mr. Sastri on February 27th moved a resolution recommending that recruitment for the Public Works Department and the Railway Engineering service should within a reasonable time be made wholly in India. Sir Claude Hill on behalf of Government was unable to accept the resolution. On the same date, Mr. Sastri's resolution regarding the appointment of Indians to the majority of posts in the services recruited in India and the educational qualifications prescribed for admission to those services was negatived, and his resolution recommending that the technical and scientific services should after a period of ten years be recruited entirely in India was withdrawn after discussion on February 28th.

Four Budget resolutions were moved during the discussion of the Financial Statement for 1918-19 under the new rules referred to in Chapter II. Of these Mr. Sarma's resolution which was moved on March 9th 1918, recommending an increased expenditure of £200,000 for the development of technical education was provisionally accepted by Sir William Meyer, and resulted ultimately in the addition to the Budget of the sum asked for by the mover. The same member on March 13th moved three resolutions connected with the financing and introduction of free and compulsory primary education throughout British India immediately after the war. The first which related to the provincializing of the land revenue was accepted by Sir William Meyer in an amended form, the second was negatived and the third withdrawn.

On the same date Pandit Madan Mohan Malaviya's resolution regarding the re-organization of and recruitment to the Indian Police Service led to an animated debate. Sir William Vincent on behalf of Government was unable to accept the resolution which was negatived.

On March 18th Mr. Sastri moved two resolutions recommending respectively that the maximum pension limits fixed for civil officers should not be increased, and that the cadre of the Indian Civil Service should not be increased. Government was unable to accept the resolutions, but the discussions were useful as placing before Government the views of the members of the Council on the recommendations of the Public Services Commission on these subjects.

Mr. Sarma's resolution on the same date regarding the termination of the East Indian Railway Company's contract gave rise to an interesting discussion, which disclosed the fact that a large majority of the non-official members were in favour of the resolution. Sir George Barnes having promised that the report of the debate would be laid before the Secretary of State when he came to consider the whole question, the resolution was withdrawn.

On March 19th 1918, Mr. Surendra Nath Banerjea brought forward a resolution recommending the appointment of a

Committee in each Province to enquire into and report on all cases of internment under the Defence of India Act and all cases of detention under the State Prisoners Regulations. The resolution was sympathetically received on behalf of Government by Sir William Vincent, who explained that the Government of India was prepared to ask Local Governments to appoint a Committee to make careful enquiry into each case of internment or detention. The last resolution discussed during the Delhi Session was also moved by Mr. S. N. Banerjea on the same date, recommending that the Indian members for the next Imperial War Conference be appointed on the recommendation of the elected members of the Imperial Legislative Council. Sir William Vincent referred to the statements on the subject made by His Excellency the Viceroy on February 7th, by the Prime Minister in the House of Commons and the Secretary of State, and explained that for the reasons therein given it was not possible for the Government of India to accept the resolution, which was negatived. On a division at the request of Mr. Jinnah the voting was found to be 16 for and 39 against, 8 non-officials voting against the resolution.

The following are details of some of the more interesting resolutions moved at the Simla sessions, 1918 :—

On September 6th 1918, Mr. Surendra Nath Banerjea moved a resolution on the Indian Constitutional Reforms proposals. After a lengthy debate the resolution was divided by His Excellency the President into two parts, the first part thanking His Excellency the Viceroy and the Secretary of State for India for the Reforms proposals and recognising them as a genuine effort and a definite advance towards the progressive realisation of responsible government in India, and the second part recommending that a Committee consisting of all the non-official members of the Council be appointed to consider the Reforms Report and make recommendations to the Government of India. Each part was put separately to the Council and accepted by a large majority.

On September 9th 1918, Sir William Meyer moved a resolution that the Council recognised that the prolongation of the war justified India's taking a larger share than she did

at the time in respect of the cost of the military forces raised, or to be raised, in the country. He explained that the burden which it was proposed to place on India would last during the period of the war and stated that the fate of the resolution would be left to the decision of the non-official members of the Council. After a somewhat lengthy debate a large majority of the non-official members accepted the resolution with an amendment proposed by Mr. Srinivasa Sastri to the effect that India should take a larger share in respect of the cost of military forces only to the extent and under the conditions and safeguards indicated in the speech of the Finance Member in moving the Resolution.

On September 11th 1918, Pandit Madan Mohan Malaviya's resolution regarding the early release of those Indian labourers whose indentures have not yet expired, was accepted on behalf of Government by Sir George Barnes in so far as it concerned the Indian labourers in Fiji.

On the same day Mr. G. S. Khaparde moved a resolution recommending that the Indian Arms Act be so modified as to bring it into line with the English legislation on the subject. This led to a lengthy and animated debate in the course of which Sir William Vincent explained that Government intended to hold a conference of the official and non-official Members of the Council to discuss what modifications in the Arms Act or the Arms Rules were necessary; and finally on September 18th Dr. Tej Bahadur Sapru moved an amendment recommending that a Committee of official and non-official Members of the Council be appointed to consider and report to the Governor General in Council to what extent the Indian Arms Act and the rules thereunder can be amended. The amended resolution was accepted.

On September 19th 1918, Mr. G. S. Khaparde's resolution, recommending that a Committee consisting of an equal number of officials and non-official Indians be appointed to enquire into and report on the effect produced on the press in India by the legislation relating to it and by the Defence of India (Consolidation) Rules, 1915, led to an interesting debate and received strong support from the non-official members of the

Council, but Sir William Vincent opposed it explaining that careful enquiries were made into each case in which action is taken against the press, and that the time was not opportune for the suggested enquiry.

The same non-official Member, on September 23rd 1918, moved a resolution recommending that the consideration and disposal of the report of the Rowlatt Committee of 1918 be kept in abeyance, and that a thorough and searching enquiry be undertaken by a mixed Committee of an equal number of officials and non-official Indians into the working of the Criminal Investigation Department, including the Central Intelligence Department. The discussion which followed disclosed the fact that most of the non-official members who took part in it were not wholly in favour of the proposals, which were opposed on behalf of Government by Sir William Vincent and rejected.

On the 25th September 1918, Khan Bahadur Mian Muhammad Shafi moved a resolution that the thanks and congratulations of the Council be conveyed to the Allied Armies operating on the various fronts. The resolution was unanimously adopted by the Council.

Mr. V. J. Patel on the same day moved that immediate steps be taken to submit a representation to His Majesty's Government urging that the Indian National Congress and the All-India Muslim League Deputations be permitted to proceed to England without delay. Sir William Vincent in opposing the resolution explained that in the following year all possible facilities would be given to properly accredited representatives of all shades of opinion in limited numbers to visit the United Kingdom to place their views on the subject of Reforms before the public in that country. The resolution was rejected.

On the same day, Mr. G. S. Khaparde moved two resolutions recommending, respectively, the throwing open of the military college at Quetta to Indian boys and the formation of cadet battalions on the lines of the territorial regiments in Great Britain in all colleges affiliated to Indian Universities, and the constitution of officers' training corps at all Indian University Headquarters. The resolutions were withdrawn without discussion.

Legislation.

It remains to consider the legislative work done by the Council. Twelve Bills were passed into law during the September session of 1917, or more than twice the average of the five years preceding. As stated above twelve and eleven Bills were passed during the succeeding Delhi and Simla sessions respectively. The more important measures are worthy of individual examination.

War Measures.

Under the head of War Measures may be grouped the Acts which immediately follow.

The Indian Transfer of Ships Restriction Act, which supplements the provisions of the English Act, prohibits the transfer or mortgage of British ships or shares therein to foreign controlled companies.

Various Acts were passed to amend the Indian Defence Force Act of 1917. One enabled the recruitment for general military service of non-European British subjects to be re-opened from time to time in specified areas. Another enabled any European British subject above the age of 50 years to place his services voluntarily at the disposal of Government if he desired to do so. A third provided for the liability of persons enrolled in the Force to serve without the limits of India as well as within those limits, and to be subject when so serving to the Indian Defence Force Act.

An important measure was the Indian Non-ferrous Metal Industry Act, which extends to British India the principles of the law on the subject introduced in the United Kingdom. Its object was to prevent the subjects of States then at war with His Majesty from obtaining control during the period of the war and for five years thereafter over any business connected with certain non-ferrous metals and metallic ores. A similar policy lay behind the Indian Companies (Foreign Interests) Act which closely follows an Act passed in the United Kingdom, and is intended to prevent companies, which have adopted articles of association restricting the possibility of enemy control, from altering those articles of association without the consent of the Governor-General in Council.

In another place, mention has been made of the Cotton Cloth Act, passed to provide for the cheap supply of cotton cloth for the poorer classes in this country. His Excellency the Viceroy referred to this measure in his opening speech of the Simla session of 1918, and on the same day, September 4th 1918, Sir George Barnes in moving for leave to introduce the Bill explained at some length the causes of the rise in the prices of piece-goods, and the reasons for the adoption of a system of control in order to ease the situation. The Bill met with much criticism on points of detail, but after amendment by the Select Committee was passed on September 26th 1918.

Fiscal Measures.

Some important fiscal measures were passed during the period under review. Chief among these was the Indian Income-tax Act, which consolidated and amended the law relating to income-tax. Its objects are to remedy certain inequalities in the assessment of individual tax-payers under the existing law, to define more precisely the methods whereby income and profits of various descriptions are to be calculated for income-tax purposes, and to effect a number of improvements in the machinery of assessment which experience had shown to be essential for the efficient and equitable working of the tax. The debate on the measure after its amendment by the Select Committee lasted over seven hours. Clause 4 of the Bill, which sought to lay down the principle that agricultural incomes should be taken into consideration for the purpose of determining the rate at which income-tax should be levied on other chargeable income, was the chief bone of contention, though there were also no less than 25 other amendments on the agenda. In view of the opposition excited among representatives of the landowning classes, Sir William Meyer announced that Government, though holding emphatically to the justice of the provisions of clause 4 of the Bill, had decided to leave the matter to the free discussion of the Council. After a discussion occupying the greater part of the day an amendment by Rai Sita Nath Roy Bahadur providing that agricultural incomes should not be taken into account for the purpose of deciding liability to income-tax, was carried by 30 votes

to 25. The division on the amendment was memorable, as it was carried mainly by the votes of officials, 13 of whom voted with the mover of the amendment.

Among the most important measures passed during the year 1918 was the Usurious Loans Act, 1918 (X of 1918). The question of the advisability of introducing legislation in India to empower the Civil Courts to afford relief in cases of unconscionable bargains between money-lenders and debtors had engaged the attention of the Government of India as far back as 1891, when the Commission appointed to enquire into the Dekhan Agriculturists Relief Act, 1879, made certain recommendations which after prolonged enquiries resulted in the passing of the Indian Contract Act Amendment Act, 1899. The matter was re-examined at some length in 1906 on the recommendation of the Calcutta High Court. It was, however, decided that the time was then not ripe for legislation, but when the question again came under consideration in 1913 Sir William Vincent strongly urged the necessity for the amendment of the law to counteract the operations of the professional extortioner against the needy debtor. These views receiving cordial support it was decided to invite the opinions of the Local Governments on the possible remedies to be applied.

The Bill, which was introduced in the Imperial Legislative Council on September 5th 1917, and discussed on September 12th, was the outcome of these deliberations. It was based upon the principle of giving the Courts authority to go behind a contract, to re-open the transaction, and reduce the interest to an equitable amount. It received an almost unanimous welcome from the members of the Council. It was thereafter formally circulated for opinion, and referred to a Select Committee on February 20th 1918. The Report of the Select Committee was taken into consideration and the Bill was passed into law on March 22nd 1918, thus bringing to a successful conclusion proposals which had engaged the attention of the Government for very many years.

From a consideration of one aspect of the work of the Central Government, we turn to the last topic selected for

examination which is extremely important one of local self-government. Before proceeding to discuss the progress displayed in this sphere during the period under review, it will be necessary to sketch briefly the main outlines of the Indian system. It should be remembered that self-governing institutions, as they are worked in India to day, are largely a creation of British rule, and do not constitute a continuation of such indigenous institutions as were to be found in the pre-British period. This is particularly true of the system of municipal administration. Starting from the presidency towns in the 17th century, municipal institutions gradually developed until in the year 1842 an attempt was made to apply them to towns in the country districts. This Act which was permissive in character remained almost a dead letter and was in any case limited to Bengal; but in 1850 an Act which applied to the whole of India, and was more workable than its predecessor, laid the foundation of the present municipal system throughout India. During Lord Mayo's time, the sphere of influence of the municipalities was considerably widened and the elective principle was extended. In the years 1881 and 1882 Lord Ripon's government issued orders which had the effect of greatly extending the principles of local self-government, and the general lines of these orders govern the administration of municipalities to the present day.

Local Self-Government.

Municipalities.

Municipal functions are classified under the heads of public safety, health, convenience and instruction. In order that these functions may be carried out, various powers are conferred on municipal committees by the Municipal Acts and the bye-laws framed under them. About two-thirds of the aggregate municipal income is derived from taxation and the remainder from municipal property and powers other than taxation, from contributions from provincial revenues, and from miscellaneous sources. The principal heads of taxes are octroi or terminal tax, taxes on houses and land, animals and vehicles, provisions and trades; tolls on roads and ferries; water, lighting, and conservancy rates. Other items of revenue

are proceeds of municipal lands and buildings, conservancy receipts, educational and medical fees, receipts from markets and slaughter houses and interests on investments. But as expenditure cannot always be met from ordinary revenues, which are often small except in the presidency towns, municipalities have generally to borrow money for large projects on the security of their funds. Under the orders now in force, Local Governments have a loan account with the Imperial Treasury on which they pay interest at the rate of 5½ per cent. From the balance of this account they advance municipal and other loans.

In 1916-17 there were 721 municipalities in British India containing a total resident population of more than 17 million people. Elected members constituted something more than one-half of the total number of members in all municipalities taken together. *Ex-officio* members were 13 per cent. and nominated members 34 per cent. 90 per cent. of the members of all municipalities taken together were Indians. The total expenditure of the municipalities, excluding that debited to the head "extraordinary" and "debt," amounted in 1916-17 to just under £6 millions.

Local Boards.

The duties and functions assigned to the municipalities in urban areas are assigned to district and sub-district boards in rural areas. These Boards operate under the sanction of the legislature, given in or about 1884, in every province except Burma. In each district there is a board, subordinate to which are two or more sub-district boards. In Bengal, Madras, Bihar and Orissa, there are to be found also Union Committees or Village Councils. In all India there are some 200 district boards, some 500 sub-district boards, and some 600 union committees. The boards are practically manned by Indians, who constitute 93 per cent. of the membership. 20 per cent. of the total number of members of all Boards are Government officials; the percentage of the elected members of district and sub-district boards being something over 50 per cent. of the total. The most important item of revenue is a cess upon agricultural land, which represents a proportion of the total

income of the boards varying from 25 per cent. in the Central Provinces and Berar to 64 per cent. in Bihar and Orissa. The total expenditure of the district boards, omitting items classed under "debt," was in 1916-17 between £4 millions and £5 millions. Of this roughly 50 per cent. was spent on the construction and maintenance of public works, such as roads and bridges. Education accounted for about 25 per cent. and medical relief chiefly under the heads of hospitals and dispensaries and vaccination for some £400,000.

Recent Developments.

We can now consider some of the more important developments which have taken place in the sphere of local self-government during the period under review. It should be remembered that in the year 1907-09 the whole field had come under the consideration of the Decentralization Commission, which made a number of detailed proposals in the direction of giving greater scope and freedom to local self-government. After careful consideration by the Provincial and Central Governments, a comprehensive resolution on the main problems of local self-government had been issued in April 1915. After pointing out the degree of substantial progress that had already been achieved, and the signs of vitality and growth that were everywhere apparent, it proceeded to explain the obstacles in the way of realising completely the ideals which had prompted action in the past, and of carrying out as fully as might have been desired the recommendations of the Decentralisation Commission. The smallness and inelasticity of local revenues, the difficulty of devising further forms of taxation, the indifference still prevailing in many places towards public health, the continued unwillingness of many gentlemen to submit themselves to the expense and inconvenience of election, the unfitness of some of those whom these obstacles did not deter, the prevalence of sectarian animosities, the varying character of the municipal area—all these were causes which could not but impede the free and full development of local self-government. But in their recent correspondence with the Secretary of State on the general subject of constitutional reforms, the

Government of India considered afresh the whole subject of local self-government in the light of the altered political circumstances of the present time. It has already been pointed out that in September 1917 Lord Chelmsford explained there were three roads along which advance should be made towards the progressive realisation of responsible government. Of these, the first road was in the domain of local self-government. Urban and rural self-government constitute the great training ground, from which political progress and a sense of responsibility have almost everywhere made their start, and it was felt that the time had come to quicken the advance, to accelerate the rate of progress, to stimulate the sense of responsibility in the average citizen and to enlarge his experience. Accordingly in May 1918, the Government of India issued a comprehensive resolution designed to indicate the manner in which they desire progress to be made along this very important road of local self-government. It may be stated that their recommendations are broadly in harmony with those of the Decentralisation Commission. While reserving to the Local Governments the power to modify the general principles therein laid down in specific cases and for specific reasons, the Government of India expect that the Local Governments, each in its own degree, will adopt a forward policy in general conformity with the wishes of the Government of India. The general principles animating the resolution may be briefly indicated. In the forefront comes the main object of local self-government, the training of the people in the management of their own affairs. This implies that political education must take precedence over departmental efficiency. It naturally follows from this that local bodies should be as representative as possible of the people whose affairs they are called on to administer; that the authority entrusted to them should be real; that they should be freed from unnecessary control. This last point is extremely important; and to an inadequate realisation of it the defects which exist in the present system of local self-government have been largely ascribed by many observers. The control of Government over local bodies

is at present exercised both from within and from without; and it is mainly in the substitution of outside for inside control and the reduction of outside control to the limit compatible with safety that progress will be achieved. Internal control is capable of relaxation by a greater use of election both for members and for chairmen of boards. External control can be relaxed by removing unnecessary restrictions in connection with taxation, budgets, the sanction of works, and the local establishments.

It is along these lines that the recommendations of the Government of India broadly run. It is recommended that as a general principle there should be a substantial elective majority, both in municipalities and rural boards, with the suggestion that the proportion of nominated members on a board should not ordinarily exceed one-fourth. The franchise for election should be sufficiently low to obtain constituencies really representative of the body of rate-payers. The necessity for this provision is revealed by the fact that the average electorate in municipalities in India seems to represent only 6 per cent. of the population, and the electorate in district boards, only ·6 per cent. The end to be kept in view before a full elective system, analogous to that obtaining in the West, can be achieved, is that some 16 per cent. of the population should be represented in the electorate, although it is recognised that so high a figure is for the present unattainable. It is also hoped that in municipalities there will be a general replacement of nominated official chairmen by elected non-official chairmen, though municipalities should be able to elect an official as chairman if they so desire. At present, roughly one-third of the chairmen of municipalities in India are nominated officials, one-third elected officials, and one-third elected non-officials. In certain provinces, such as Burma and the United Provinces, it is the ordinary practice for municipalities to elect their chairmen; in others, the principle of election has been extended, but the efforts which have been made of recent years to increase the number of elected chairmen have not always been popular with the municipalities of certain provinces. In regard to the larger cities the practice

which has been worked with success in the city of Bombay is recommended by the Government of India as worthy of consideration. The administration in Bombay is placed under a special nominated commissioner who is subject to the general control of the corporation and of its standing committee. A system of executive officers on the general lines followed in Bombay has been rendered possible in the cities of the Bombay Presidency and in the United Provinces. A similar system is contemplated for the corporations of Calcutta and Madras.

In the matter of rural boards, the Government of India urge provincial Governments to arrange for the election of chairmen wherever this is possible; and where this is not possible, to encourage the appointment of non-official chairmen. In this respect the present recommendations go further than those of the Decentralisation Commission, which recommended that the collector, as head of the district, should generally remain as president of the district board.

Such are the general recommendations of the Government of India so far as they are directed towards a reduction of the internal control exercised over local bodies by Government. Turning now to the other aspect of the case, the reduction of external Government control, the first thing to notice is that the Government of India consider it very important that municipal boards should be allowed to vary their taxation within the limits laid down by the municipal laws. The proviso suggested in the resolution of 1915 that the local Governments might retain power to vary any tax, is now abandoned in the case of boards which contain substantial elected majorities. In the case of rural boards also, the Government of India have now accepted a somewhat similar position. The bulk of the income of rural boards is derived from a cess levied upon agricultural lands over and above the land revenue, and not usually exceeding 6¼ per cent. on the rent value or the land revenue, according to the circumstances of the provinces. Where a limit has been imposed by law on the rate of cess, a rural board will be at liberty to vary the rate at which the cess is levied within the limits imposed by the law; but where

no limit has been imposed, a change in the rate of cess will need the sanction of outside authority. Very important also for the future development of local self-government is the decision of the Government of India that if a municipal or rural board has to pay for any service, it should control it. If a board has to provide, for instance, for civil works or medical relief, subject to such general principles as Government may prescribe, it is to have real control over the funds provided, and not to be harassed by the constant dictation of Government departments in matters of detail. Municipalities and local boards, in pursuance of the same policy, are to be allowed a free hand with regard to their budget. The system of requiring local bodies to devote a fixed portion of their revenue to particular objects of expenditure is to be abolished, as unduly limiting their freedom of action. Similarly also the degree of outside control over municipal establishments is to be relaxed; but appointments of certain municipal officers should receive Government sanction, and the same sanction should be required for any alteration in the emoluments of the posts and for the appointment and dismissal of incumbents. As part of the plan of strengthening the control of local bodies over their establishments, and of securing their more satisfactory working, it is suggested for the consideration of the provincial governments that a central body should be constituted to co-ordinate the experience of the local bodies, and to provide improved control and guidance by entertaining expert inspecting establishments.

Future Advances.

It is hoped that by the adoption of the lines laid down in this resolution, substantial advances may be made in the direction of a more liberal form of local self-government. The duties of local bodies cover most of the activities upon which the essential welfare of the country depends. In the development of their interests and the expansion of their responsibilities, the self-government of the country will secure a real and important advance. It is on the experience to be gained in the administration of local civic affairs that the country must to a large degree rely for the increase of its self-dependence in the higher spheres of government.

The Provinces.

As is naturally to be expected from the diversity of conditions prevailing up and down India, the institutions of local self-government have not flourished equally in all localities. An examination of the reports sent by Local Governments during the period under review, reveals considerable divergence both in the success and in the popularity of these institutions in different provinces.

N.-W. F. Province.

In the North-West Frontier Province, for example, it is said that the district boards and municipalities continue to evince little real interest in local self-government. They rely upon Government help instead of developing their own local sources of revenue, and the incidence of taxation imposed by them is less than 2*d.* per head of the population. It is however encouraging to notice that even here where the institutions of local self-government are admittedly and naturally in a backward condition, certain of the district boards turned their attention with some success to the improvement of cattle breeding, and some of the members, at any rate, exhibited zeal over public works of which they personally were in charge.

Punjab.

In the Punjab also it is reported that local self-government on Western lines is a plant of slow growth. The most serious obstacles to its progress are the indifference and ignorance of the electorates, and the absence of a true civic spirit in the elected. District Boards are almost unanimous in desiring a continuation of the present system of official chairmen. Here also, however, the considered judgment of the provincial Government is that there has been decided progress. Particularly in the sphere of primary education, referred to in another place, it is expected that the municipalities and the local boards will find fresh scope for their activities. It may be hoped that along with increased responsibilities will come surely, if slowly, a more efficient discharge of present functions. On the other hand, in other provinces the institutions of local self-government have showed striking activity during the period under review.

In Bengal the most interesting aspect is the development of village self-government by means of the village authorities. In July 1917, a Bill was framed by the Government of Bengal to create village committees vested with the duty of managing communal village affairs, and entrusted with powers of self-taxation necessary for the purpose. Judicial powers, both civil and criminal, are to be conferred upon selected village committees or selected members of them. The sanction of the Government of India for the introduction of the Bill has been obtained, and at the time of writing it is still under discussion in the Bengal Legislative Council. In general the local self-government institutions of Bengal have exhibited progress during the period under review. There are many complaints, it is true, of apathy and neglect of business on the part of Municipal Commissioners and members of local boards. It is stated that there is insufficient attention to the detail and the drudgery of administration, and in some boards at least there have been serious abuses. The incidence of taxation, which is very light, averaging about 3*s.* per head of the population, fell slightly, and it was noticed that only about one-sixth of the municipal population paid rates at all. The natural consequence is a general inefficiency of local service, and an inadequate revenue to the local bodies.

Bengal.

In the Madras Presidency there were complaints that outside Madras itself, nearly 100 meetings of boards had to be adjourned for want of a quorum, and that the average attendance of councillors continued to decrease towards the region of 50 per cent. The Indian edited press grumbled that the progress of local self-government was extremely slow, and sought to refute the criticisms brought against the local bodies by the statement that the non-official members, both elected and nominated, were mere puppets in the hands of the officials. But it is to be noticed that both the revenue and the expenditure of local bodies throughout the Presidency increased, and the sums disbursed upon sanitation, education, roads, hospitals, and other miscellaneous public improvements, rose considerably.

Madras.

The proportion of Indian to European and Eurasian members increased slightly, and 21 councils consisted entirely of Indian members. Two new councils were opened, and the maximum strength of all the councils increased from 1162 to 1183 members.

Bombay.

In Bombay, the sphere of local self-government saw no very radical change during the period under review. The introduction of legislation permitting municipalities to impose compulsory education upon their population is likely however to result in important advances. The number of municipalities with a two-thirds elected element was increased by 5; and the privilege of electing presidents was extended to 27 new municipalities during the period under review. Important legislation is now under consideration by the Local Government, with the object of extending the sphere of self-government within the presidency at an early date.

United Provinces.

In the United Provinces, the new Municipalities Act of 1916 came into force, and the great majority of the boards were working under non-official chairmen. On several boards the spirit of faction prevailed with injurious effect on the municipal administration. Indeed the maintenance of a double record of proceedings by different parties on a board is not unknown. But it is to be hoped that by degrees members will realise in greater measure their responsibility to their constituencies, and before long, it must be presumed, the electorate will become more critical of the action of their representatives. In the matter of district boards, original works have practically been at a standstill during the war, except as regards the expansion of primary education. In this connection, as is mentioned elsewhere, the Local Government called for a programme from the district boards showing the steps suggested for a further expansion of primary education in the next three or five years. The development of district boards is at present under the consideration of the United Provinces Government, and there is a prospect of early legislation which will confer upon them far greater powers than they at present possess. It has been suggested by a committee appointed by the Local Government

that divisional councils should be instituted, with the object of organising efficient public services under the control of local bodies, in place of those which are at present provincial. With the financial resources at the disposal of the divisional council, it would be possible to maintain graded services with a regular flow of promotion and possibilities of transfer, which would result in securing a class of candidates for the service of local bodies much superior to that which would be obtainable if every board were to attempt to secure its own superior cadre. By this means, it would be possible to secure increasing efficiency among the officials of the municipalities and the boards, and also to secure the co-ordination of the activities of local bodies in a sphere intermediate between the district and the provincial administrations. It may also be mentioned that reformation of the village committees is under consideration.

Bihar and Orissa, Central Provinces.

In Bihar and Orissa and in the Central Provinces, there were no particular marked developments in local self-government, district boards in particular being hampered by their inability to undertake important works of construction owing to the difficulties of securing materials. But in these provinces generally and also in Burma, it may be stated that there was a considerable awakening of public interest in the whole topic of local self-government, stimulated by discussion of constitutional reforms.

Local Self-Government tested by disease and scarcity.

As a symptom of the vitality of the institutions of local self-government in India, it may be mentioned that they rendered excellent service in seconding the efforts of the Central and Provincial Governments in grappling with two of the most important administrative problems which occurred during the period under review, namely, the incidence of epidemics and the high prices of commodities. Reference is made in other places to both these topics, and an attempt has been made to estimate their influence upon the general course of events. It will, however, be convenient here to summarise briefly the measures taken by the Administration in dealing with both of them. The monsoon of 1917, as

we have seen, was exceptionally abundant, and partly perhaps in consequence of this, plague made its appearance in a serious degree during the year. Between July 1917 and June 1918, the total number of deaths from plague was over 800,000. Although, fortunately, there is reason to believe that the incidence of the disease in India is on the wane, nonetheless the distress and dislocation caused by this mortality was very great.

Plague.

In addition to the influence of the plague epidemic, the year as a whole was very unhealthy and a high death rate occurred both from cholera and malaria. Relief measures were undertaken by the local Administrations, the provincial Sanitary and Medical Officers laboured with the utmost zeal, and the number of hospitals and travelling dispensaries was everywhere increased. Preventive measures in the way of evacuation of infected areas were undertaken in many places, and inoculations were carried out on a larger scale than was previously known. Bad as were the general conditions of public health in India during the year 1917, those of 1918 were infinitely worse. In the month of June 1918 came the first intimation that influenza in a virulent form was attacking India. In the city of Bombay towards the end of that month, many employees of offices, banks, and so forth, were incapacitated by fever.

Influenza.

The disease began to spread over India and before long the mortality, at first low, began to rise in an alarming degree. In the city of Bombay itself, the mortality reached its maximum on October 6th on which day 768 deaths were recorded. The full force of the outbreak was felt by the central, northern, and western portions of India, in comparison with which Bengal, Burma, Bihar and Orissa, Madras and Assam suffered but lightly. During the last quarter of 1918, India seemed to have suffered more severely than any other country in the world; and influenza was responsible in British India alone for a death roll of approximately five millions. Detailed information with regard to the incidence of the disease in the Indian States is not available, but it is unlikely that the influenza mortality therein fell short of one million. Within

the space of four or five months, influenza was thus responsible for the death of 2 per cent. of the total population of British India. In some places, the Central Provinces, for example, two months of influenza caused twice as many deaths as 22 years of plague. In Bombay, between September 10th and November 10th, the total average mortality was 326 deaths a day. Had mortality continued at this rate throughout the year, the death rate of the city would have been over 120 per thousand of the census population. The Punjab also suffered very severely.

The provincial administrations and the local bodies to whom is mainly entrusted the maintenance of sanitation and public health, made whole-hearted endeavours to ameliorate the sickness and suffering occasioned by the outbreak. The epidemic struck India at a time when she was least prepared to cope with a calamity of such magnitude. War demands had depleted her sanitary and medical personnel, which at best is inadequate when considered in relation to the size of her population and the tenacity with which that population clings to domestic customs injurious to public health. The over-worked staff that remained was struck down in large numbers. Still more serious were the effects of the almost total failure of the monsoon, which exercised a disastrous influence practically throughout the country. The staple food grains were at famine prices and the scarcity of fodder reduced the quantity of milk available. Although there is no reason to suppose that the epidemic originated in malnutrition, it was particularly unfortunate that the price of nourishing food and also of such comforts as blankets and warm clothing was extremely high. In all the larger towns, where severe epidemics occurred, many additional dispensaries were opened by the local authorities, and numerous agencies were employed for the free distribution of drugs and milk. In some towns municipal grain shops were opened, which supplied grain below the market rates. Endeavours were made by all administrations to instruct the people as to the nature of the malady, as to measures for its prevention, and as to measures to be adopted when it had set in. The efforts of

Difficulties.

official bodies whether provincial or local, were nobly seconded by non-officials, by philanthropic societies, by educational establishments, and by a host of voluntary workers. Everything that could have been done with the agency available, was done. But with a population as vast as is that of India to day, with a relatively low standard of living, the control of so virulent an epidemic is completely outside the present scope of human endeavours. The magnitude of the task which the Administration was called upon to face may be gauged from the fact that it has been estimated that from 50 to 80 per cent. of the total population of India has recently suffered from influenza. It is undeniable that the catastrophe was rendered more complete by the generally insanitary conditions under which the major portion of the population of India live their lives; and the necessity of redoubling the efforts of the Administration, both Central and Provincial, to secure the improvement of those conditions, has become more than ever apparent.

In the matter of popular distress arising from high prices, the institutions of local self-government have done excellent work during the period under review. Some account has been given on another page as to the steps which the Central Government took from time to time to deal with the high prices of food grains, of salt, of kerosine and of cotton cloth. In almost every case the agency through which the efforts of the Central and Provincial Governments were transmitted to the people, was that of the local bodies. In many provinces, shops were opened by municipalities and district boards, which supplied salt, grain and kerosine oil to the people at rates considerably below those obtaining in the local market. Co-operative societies also performed excellent service in mitigating the distress caused by excessive profiteering in salt, oil, and cloth. The effect of the action of Government and of the local bodies was almost everywhere to reduce prices considerably. Nonetheless, in so far as the general rise of prices of commodities in common use was caused by influences rather common to the world than peculiar to India, it was not found possible to prevent the poorer classes of the popula-

tion from suffering severely during the latter half of the year 1918. By the end of August 1918, retail prices in India, including articles of food and kerosine oil, showed an increase of 38 per cent. above the level of prices which ruled just before the war; and if food articles alone were taken into account, the rise at the end of August 1918 was 31 per cent. above the pre-war level, and 15 per cent. above the level of the preceding year. Although these percentages may seem small as compared with those which obtained in other parts of the world, it must be remembered that the margin of subsistence of the mass of the population of India is so small that any substantial rise must affect them with disproportionate severity. Had it not been for the efforts of the administration, and of the local bodies, official and private, the distress would have been much more widespread. But as it was, thanks to prompt action, India was to some extent protected from consequences which might have been disastrous.

General Review.

A review of the whole subject of local self-government in India at the present moment would seem to indicate that in the immediate future important developments may be expected. Hitherto, the control which Government has exercised over municipalities and district boards, while unquestionably preventing the commission of serious errors arising from inexperience, has done much to prevent the growth of a real feeling of civic responsibility. With the relaxation of this control, to a degree hitherto generally untried, it is to be expected that an increasing degree of popular interest in the institutions of local self-government will manifest itself. But we should note that if local self-government is to achieve in India the success which it has attained in other countries and is to prove itself here as elsewhere a genuine road towards the realisation of responsible government, it will not be sufficient merely that the local bodies should be freed from excessive interference on the part of external authority; they must themselves adopt a similar policy of decentralisation by refraining from excessive interference with their own servants in routine matters; by confining themselves to the laying down of broad

lines of policy and to the supervision of the process by which those broad lines may be followed; and by avoiding meticulous interference in detail, which leads not only to inefficiency in the executive services, but also to forgetfulness of the broader aims which it is the part of those undertaking the responsibilities of local self-government constantly to envisage.

APPENDIX I.

Sources.

LIST OF INDIAN OFFICIAL REPORTS, ETC.

(Mostly Annual.)

General.

Statistical Abstract relating to British India (Parliamentary paper).
Statistics of British India:—

Vol. I.—Commercial.
Vol. II.—Financial.
Vol. III.—Public Health.
Vol. IV.—Administrative and Judicial.
Vol. V.—Educational.

Census Reports (Decennial), India, Provincial, and Native States.
Administration Reports: Madras, Bombay, United Provinces, Punjab, Bengal, Central Provinces and Berar, Burma, Bihar and Orissa, Assam, North-West Frontier Province, Delhi, Coorg, Andaman and Nicobar Islands, Civil and Military Station of Bangalore, Ajmer-Merwara, Baluchistan Agency.

Legislation.

Acts of the Imperial and Provincial Legislative Councils.

Justice and Police.

Report on the Administration of Civil Justice for each Province.
Report on the Administration of Criminal Justice for each Province.
Report on Jails for each Province.
Reports on Police for each Province, and for Bombay Town and Island, Calcutta, and Rangoon.

Finance.

Finance and Revenue Accounts of the Government of India.
East India Financial Statement (Parliamentary Paper).
Return of Net Income and Expenditure for eleven years (Parliamentary Paper).

Accounts and Estimates: Explanatory Memorandum (Parliamentary Paper).

Home Accounts (Parliamentary Paper).

Loans raised in England (Half-yearly Parliamentary Paper).

Loans raised in India (Half-yearly Parliamentary Paper).

Mint Reports for Calcutta and Bombay.

Paper Currency Department Reports, India and Bombay.

Statistics compiled from the Finance and Revenue Accounts.

Land Revenue, etc.

Land Revenue Administration: Provincial Reports for Lower Provinces (Bengal), Bihar and Orissa, Assam, United Provinces, Bombay Presidency (including Sind), Punjab, Central Provinces and Berar, Burma, and Madras.

Report on Land Revenue Administration, Land Records, Settlement Operations, Alienation of Land Act, etc., for North-West Frontier Province.

Madras Survey, Settlement and Land Records Department Report.

Reports of Land Records Departments for Bombay, Burma, Bengal, United Provinces, and Punjab.

Report on Settlement Operations, Punjab.

Reports on Survey and Settlement Operations, Bengal, Bihar and Orissa, and Assam.

Reports on Operations of the Land Records and Settlement Departments, Central Provinces and Berar.

Report of the Talukdari Settlement Officer, Bombay.

Provincial Reports on the Administration of Estates under the Court of Wards.

Report on the Punjab Canal Colonies.

Separate Revenue (Salt, Excise, etc.)

Salt Department Reports: Northern India, Madras, Bombay, Sind, Bengal, Burma, Bihar and Orissa.

Excise Report for each Province.

Report on the Operations of the Opium Department.

Stamp Department Report for each Province.

Registration Department Report for each Province.

Income Tax Report for each Province.

Agriculture and Veterinary.

Report on the Progress of Agriculture in India.

Report of the Agricultural Research Institute and College, Pusa.

Bulletins of the Agricultural Research Institute, Pusa, and of the Provincial Departments of Agriculture.

Memoirs of the Department of Agriculture.
Proceedings of the Board of Agriculture.
Agricultural Journal of India (quarterly).
Reports of the Department of Agriculture for each Province.
Reports on Agricultural Stations, Experimental Farms, and Botanic Gardens for each Province.
Season and Crop Report for each Province.
Agricultural Statistics of India.
Area and Yield of certain Principal Crops.
Report on Production of Tea in India.
Report on Tea Culture in Assam.
Reports of the Civil Veterinary Departments for each Province.
Statistics compiled from the Reports of the Provincial Civil Veterinary Departments.
Report of the Camel Specialist.
Report of the Imperial Bacteriologist (Veterinary).

Co-operative Societies.

Statements showing Progress of the Co-operative Movement in India.
Reports on Co-operative Societies for each Province.
Reports of Conferences of Registrars of Co-operative Societies, India and Provincial.

Forests.

Annual Return of Statistics relating to Forest Administration in British India.
Report on Forest Administration for each Province.
Reports of the Forest Research Institute and the Imperial Forest College, Dehra Dun.
Quinquennial Forest Review.
Indian Forest Memoirs.
Indian Forest Records.
Forest Bulletins.

Mineral Production and Inspection of Mines.

Review of Mineral Production (in Records of Geological Survey).
Report on Production and Consumption of Coal in India.
Report of the Chief Inspector of Mines.

Trade and Manufactures.

Annual Statements of Sea-borne Trade and Navigation, India and Provincial (Madras, Bombay, Sind, Bengal, Bihar and Orissa, Burma).
Review of the Trade of India (Parliamentary Paper).
Tables of the Trade of India (Parliamentary Paper).

Provincial Reports on Maritime Trade and Customs (including working of Merchandise Marks Act) for Bengal, Bihar and Orissa, Bombay, Sind Madras, and Burma.

Accounts relating to the Sea-borne Trade and Navigation of British India (monthly and for calendar year).

Accounts relating to the Trade by Land of British India with Foreign Countries (monthly).

Annual Statement of Coasting Trade of British India.

Report on the Trade and Navigation of Aden.

Accounts of Trade carried by Rail and River in India.

Report on Inland, Rail-borne, or Rail-and-River-borne Trade for each Province.

External Land Trade Reports for Bengal, Bihar and Orissa, Assam, Burma, United Provinces, Punjab, North-West Frontier Province, Sind, and British Baluchistan.

Indian Trade Journal (weekly).

Statistics relating to Joint-Stock Companies in British India and Mysore.

Report on the working of the Indian Companies Act for each Province.

Report on the working of the Indian Factories Act for each Province.

Report of the Chief Inspector of Explosives.

Public Works.

Administration Report on Railways.

Reports on Public Works (Buildings and Roads) for Madras, Bombay, Punjab, North-West Frontier Province, and Burma.

Review of Irrigation.

Report on Irrigation Revenue for each Province (except Madras).

Administrative Reports on Irrigation, Madras and Bombay.

Report on Architectural Work in India.

Posts and Telegraphs.

Report on the Posts and Telegraphs of India.

Report of Indo-European Telegraph Department.

Scientific Departments.

Report on the Operations of the Survey of India.

Records of the Survey of India.

Records and Memoirs of the Geological Survey of India.

Report of the Indian Meteorological Department.

Indian Weather Review, Annual Summary.

Rainfall Data of India.

Memoirs of the Indian Meteorological Department.

Report of the Meteorologist, Calcutta.

Report of the Director-General of Observatories.
Memoirs and Bulletins of the Kodaikanal Observatory.
Report of the Board of Scientific Advice.
Report of the Archæological Survey of India, and Provincial Reports.
Report and Records of the Botanical Survey.

Education.

Education Reports for India and each Province.
Quinquennial Review of Education (Parliamentary Paper).

Local Self-Government.

Reports on Municipalities for each Province and for Calcutta, Bombay City, Madras City, and Rangoon.

Reports on District and Local Boards or Local Funds for each Province.

Reports of Port Trusts of Calcutta, Bombay, Madras, Rangoon, Karachi, and Aden.

Medical, Sanitary, and Vital Statistics.

Report of the Sanitary Commissioner with the Government of India.
Report on Sanitary Measures in India (Parliamentary Paper).
Report of the Sanitary Commissioner for each Province.
Vaccination Report for each Province.
Report on Civil Hospitals and Dispensaries for each Province.
Report on Lunatic Asylums for each Province.
Report of the Chemical Examiner and Bacteriologist for each Province.
Scientific Memoirs by Officers of the Medical and Sanitary Departments.
Reports of the All-India Sanitary Conferences.
Reports of the Imperial Malaria Conferences.
Indian Journal of Medical Research (Quarterly).

Emigration and Immigration.

Calcutta Port Emigration Report.
Bengal Inland Emigration Report.
Assam Immigration Report.

Prices and Wages.

Prices and Wages in India.
Variations in Indian Price Levels.
Reports of Provincial Wage Censuses

APPENDIX II.

The Montagu-Chelmsford proposals for Indian Constitutional Reform.

A.—Local Self-Government.

Local self-government does not really fall within the scope of these proposals at all, since the aim of Government is to place the institutions connected with it entirely under popular control. As is universally recognised, the growth of local self-government is intimately connected with educational extension and educational reform. It is part of the contemplated political advance that the direction of Indian education should be increasingly transferred to Indian hands. Progress all along the line must depend upon the growth of electorates and the intelligent exercise of their powers; and men will be immensely helped to become competent electors by acquiring such education as will enable them to judge of candidates for their votes, and of the business done in the Councils. The reformed Councils contemplated in this Report will be in a position to take up and carry forward boldly proposals for advance along the lines both of local self-government and of education.

B.—Provincial Governments.

The object of the proposals is the progressive realisation of responsible government. Responsible government implies two conditions, first, that the members of the executive government should be responsible to their constituents, and secondly that these constituents should exercise their power through the agency of their representatives in the Assembly. These two conditions entail first, that there exist constituencies based on a franchise broad enough to represent the interests of the population generally, and capable of selecting representatives intelligently; secondly that there is recognised the constitutional practice that the executive government cannot retain office unless it commands the support of a majority in the Assembly. In India, these conditions are not realised. There must be a period of political education which can only be achieved through the gradually expanding exercise of responsibility. Practical considerations make the immediate handing over of complete responsibility impossible. Accordingly, the principle is adopted of transferring

responsibility for certain functions of government while reserving control over others, *while at the same time establishing substantial provincial autonomy.*

Financial Devolution.

(*a*) *Separation of revenues.*

Since substantial provincial autonomy is to be a reality, the provinces must not be dependent on the Indian Government for the means of provincial development. The general idea of the proposals on this matter is that an estimate should first be made of the scale of expenditure required for the upkeep and development of the services which clearly appertain to the Indian sphere: that resources with which to meet this expenditure should be secured to the Indian Government: and that all other revenues should then be handed over to the provincial Governments which will thenceforth be held wholly responsible for the development of all provincial services. The principal change in detail will be the abolition of divided heads of revenue. Indian and provincial heads of revenue are to be retained as at present: but to the former income-tax and general stamps are to be added, and to the latter land-revenue, irrigation, excise and judicial stamps. It follows that expenditure on famine relief and protective irrigation works will fall upon the provinces, though in the matter of famine relief, the Indian Government could never wholly renounce responsibility in the case of any failure on the part of the provinces.

This arrangement will leave the Government of India with a large deficit. In order to supplement this, it is proposed to assess the contribution from each province to the Government of India as a percentage of the difference between the gross provincial revenue and the gross provincial expenditure.

On the basis of the figures taken by the framers of the proposals this percentage works out at the figure of 87, and would constitute the first charge upon the provincial revenues. The figure may be open to revision hereafter, but not subject to change for a period of, say, six years. And in the event of sudden emergency it must be open for the Central Government to make a special supplementary levy upon the provinces.

(*b*) *Provincial taxation.*

It is proposed that a schedule of taxation should be drawn up in consultation between the Government of India and the provincial Governments. In this schedule certain subjects of taxation are to be reserved for the provinces, the residuary powers being retained with the Government of India. A tax falling within the schedule would not require the Government of India's previous sanction to the legislation required for its imposition, but the Bill should be forwarded to the Government of

India in sufficient time for the latter to satisfy itself that the Bill is not open to objection as trenching upon the Central Government's field.

(c) *Provincial borrowing.*

In order to avoid harmful competition, it is recommended that provincial Governments continue to do their borrowing through the Government of India. But if the Government of India find itself unable to raise the money in any one year which a province requires, or if there is good reason to believe that a provincial project would attract money not to be elicited by a Government of India loan, it is proposed that the provincial Government might have recourse to the Indian market.

Legislative Devolution.

While the above proposals will give provincial Governments the liberty of financial action which is indispensable, these Governments must also be secured against unnecessary interference by the Government of India in the spheres of legislative and administrative business. Accordingly, while the Government of India is to retain a general overriding power of legislation, for the general protection of all the interests for which it is responsible, the provincial legislatures are to exercise the sole legislative power in the spheres marked off for provincial legislative control. It is suggested that it might be recognised as a matter of constitutional practice that the Central Government will not interfere with the operation of the provincial legislatures unless the interests for which it is itself responsible are directly affected.

Executive Government in the Provinces.

(a) *Structure of the Executive.*

In all the provinces, there is to be collective administration, the system of a Governor in Council. At the head of the executive will be the Governor, with an executive council of two members, one Englishman and one Indian both nominated by the Governor. Associated with the Executive Council as part of the Government will be one or more Ministers chosen by the Governor from among the elected members of the legislative council and holding office for the life of the council.

(b) *Work of the Executive.*

Complete responsibility for the Government cannot be given immediately without inviting a breakdown. Some responsibility must, however, be given at once. Accordingly, the plan is adopted of making a division of the functions of the provincial Government, between those which may be made over to popular control and those which for the present must remain in official hands. How the division is to be made

is explained below. These functions may be called "transferred" and "reserved" respectively. It is proposed that in the provincial executive constituted as explained above the Governor in Council would have charge of the "reserved" subjects. This would be one part of the executive. The other part of the executive would consist of the Governor and Minister or Ministers and would deal with the "transferred" subjects. As a general rule the executive would deliberate as a whole, although there would necessarily be occasions upon which the Governor would prefer to discuss a particular question with that part of the Government directly responsible. The decision upon a transferred subject and on the supply for it in the provincial budget would be taken after general discussion by the Governor and his Ministers; the decision on a reserved subject would be taken after similar discussion by the Governor and the members of his executive council.

(c) *Relation of the Governor to his Ministers.*

The Ministers would not hold office at the will of the legislature but at the will of their constituents. Their salary while they were in office would be secured to them and not be at the pleasure of the legislative council. They, together with the Governor, would form the administration for the transferred subjects. It is not intended that the Governor should from the first be bound to accept the decision of his Ministers, because he will himself be generally responsible for the administration. But it is also not intended that he should be in a position to refuse assent at discretion to all his Ministers' proposals. The intention is rather that the Ministers should avail themselves of the Governor's trained advice upon administrative questions, while he on his part would be willing to meet their wishes to the furthest possible extent, in cases where he realises they have the support of popular opinion.

(d) *Additional members without portfolio, and other appointments.*

Where the Governor himself has no official experience of Indian conditions he may desire to add one or two additional members from among his officials as members without portfolio, for the purpose of consultation and advice. It is proposed that he should be allowed to do this. Also where the pressure of work is heavy it may be desirable to appoint some members of the legislative council to positions analogous to that of parliamentary Under Secretary in Great Britain, for the purpose of assisting members of the Executive in their departmental duties and of representing them in the legislative council.

PROVINCIAL LEGISLATURES.

(a) *Composition.*

In each province, it is proposed to establish an enlarged Legislative Council, differing in size and composition from province to province,

with a substantial elected majority elected by direct election on a broad franchise, with such communal and special representation as may be necessary. The breadth of the franchise is all-important; it is the foundation upon which the edifice of self-government must be raised. The exact composition of the Council in each province will be determined by the Secretary of State in Council on the recommendation of the Government of India, as a result of an investigation into subjects connected with the franchise, the constituencies and the nominated element. It is proposed that this investigation should be undertaken by a Committee consisting of a Chairman chosen from outside India, two experienced officials and two Indians of high standing and repute. The Committee would visit each province in turn in order to investigate local conditions, and in each province one civilian officer and one Indian appointed by the provincial Government would join and assist it with their local knowledge.

(*b*) *Communal electorates.*

It is proposed that the communal electorates though constituting an obstacle to the realisation of responsible government, should be retained for the Muhammadan community. Communal electorates are to be extended to the Sikhs, now everywhere in a minority and virtually unrepresented. For the representation of other minorities, nomination is proposed.

(*c*) *Official members.*

The exact number of official members will be for the Committee mentioned above, to consider. Members of the Executive Council should be *ex-officio* members of the Legislative Council, and there should be enough official members to provide the Government with first-hand knowledge of the matters likely to be discussed both in Council and in Committee. It is suggested that a convention might be established that official members should refrain from voting upon transferred subjects.

(*d*) *Standing Committees.*

It is proposed that to each department or group of departments whether under a Minister or under a member of the Executive Council there should be attached a Standing Committee elected by the Legislative Council from among their own members. The functions of the members of the Standing Committee would be advisory: they should see, discuss, and record their opinion upon, all questions of policy, all new schemes involving expenditure above a fixed limit, and all annual reports upon the working of the departments. The member or Minister in charge of the departments concerned should preside.

(*e*) *Effect of resolutions.*

It is not proposed that resolutions, whether on reserved or transferred subjects, should be binding: but the Council will influence the

conduct of all reserved subjects and effectively control the policy in all transferred subjects. If a member of the Legislative Council wishes Government to be constrained to act in a certain way, it will often be open to him to bring in a Bill to effect his purpose: and when Ministers become, as it is intended that they should, accountable to the Legislative Council, the Council will have full means of controlling their administration by refusing their supplies or by carrying votes of censure. Subject to the sanction of the Governor, the Council will have the power of modifying the rules of business: all members will have the right of asking supplementary questions.

Division of the functions of Government.

It being assumed that the entire field of provincial administration is marked off from that of the Government of India, it is suggested that in each province certain definite subjects should be transferred for the purpose of administration by Ministers. All subjects not so transferred would remain in the hands of the Governor in Council. The list of transferred subjects would vary from province to province, and would naturally be susceptible to modification at subsequent stages. It is suggested that the work of division be done by a Committee similar in composition to the one described above, with which it would work in close co-operation, since the extent to which responsibility can be transferred is related to the nature and extent of the provincial electorates. Having first marked off the field of provincial administration the Committee would proceed to determine which of the provincial subjects could be transferred. Their guiding principles should be to include in the transferred list those departments which afford most opportunity for local knowledge and social service, those in which Indians have shown themselves to be keenly interested, those which stand in most need of development. Such is the process of division. The Departments naturally lending themselves to classification as transferred subjects are taxation for provincial purposes, local self-government: education: public works: agriculture: excise: and local industries.

In cases where it is subsequently open to doubt in which category a subject falls the matter should be considered by the entire Government but the final decision should lie definitely with the Governor.

In cases of matters made over to non-official control, there should in emergency be the possibility of re-entry either to the official executive government of the province or to the Government of India.

Affirmative power of Legislation.

Assuming that the Legislative Councils have been reconstituted with elective majorities, and that the reserved and transferred subjects have been duly demarcated, we have now to consider how the executive government is to secure the passage of such legislation as it considers

necessary for carrying on its business. The King's Government must go on. The process to be followed is this. For the purpose of enabling the provincial Government to carry legislation on reserved subjects it is proposed that the Head of the Government should have power to certify that a particular Bill is "essential to the discharge of his responsibility for the peace or tranquillity of the province or of any part thereof, or for the discharge of his responsibility for the reserved subjects." Such a certificate would not be given without strong reason and the Council might by a majority vote request the Governor to refer to the Government of India, whose decision would be final, the question whether the Bill dealt with a reserved subject. If no reference was made, or if the Government of India decided that the Bill was properly certificated, the Bill would then be automatically referred to a Grand Committee of the Legislative Council.

The Grand Committee in every Council would comprise 40 to 50 per cent. of its strength and would be chosen for each Bill, partly by ballot and partly by nomination. The Governor would have power to nominate a bare majority, exclusive of himself, and of the members so nominated, not more than two-thirds should be officials. The elected members would be elected *ad hoc* by the elected members of Council. The Bill would be debated in Grand Committee, and if passed by that body, would be reported to the whole Council, which might discuss, but could not reject or amend it except on the motion of a member of the Executive Council. The Governor would appoint a time-limit within which a Bill might be debated, and after the expiry of the time-limit the Bill would pass automatically. If the Bill were not passed by the Grand Committee it would drop.

Mixed Legislation.

Should a Bill on a transferred subject trespass on the reserved field of legislation, it should be open to a member of the Executive Council to challenge the whole Bill or any clause of it on its first introduction, or any amendment as soon as such amendment is moved, on the ground of infringement of the reserved sphere. The Bill, clause, or amendment would be then referred to the Governor, who might allow it to proceed or certify it, in accordance with the procedure described above.

Power of Dissolution.

The Governor of a Province should have power to dissolve the Legislative Council.

Assent to Legislation.

The assent of the Governor, the Governor-General, and the Crown, through the Secretary of State, will remain necessary for all provincial legislation, whether certified or not.

Budget Procedure.

It is suggested that budget procedure be as follows: The provincial budget should be framed by the executive government as a whole. The first charge upon the provincial revenues will be the contribution to the Government of India. Next will come the supply for the reserved subjects. So far as the transferred subjects are concerned, the allocation of supply will be decided by the Ministers; and if the revenue available is insufficient for their needs, the question of additional taxation will be decided by the Governor and the Ministers. The budget will then be laid before the Council, which will discuss it and vote by resolution. The budget would be altered in accordance with the resolutions of the Council except in the following case. If the Council reject or modify the allotment of reserved subjects, it would be in the Governor's power to certify its necessity, in the terms mentioned above and to insist upon the retention of the allotment which he declares essential for the discharge of his own responsibilities.

Safeguards.

A great safeguard to the working of the system is the proposal that a periodic Commission shall review proceedings. Both the government on one hand and the legislative council on the other, will decide their course of action in the knowledge that their conduct will in due course come under review by a Commission. Before this Commission there will be an opportunity of arguing, on the one hand, that the reserved subjects have been extravagantly administered, or that the Governor in Council has unnecessarily disregarded the wishes of the Legislative Council, or on the other hand, that the attitude of the Legislative Council with regard to expenditure upon reserved subjects has been so unreasonable as to make it unsafe to transfer further powers.

It is suggested that ten years after the meeting of the new Councils, a Commission should be appointed to review the whole working of these institutions in order to determine whether it would be possible to improve in any way the existing machinery or to advance further towards the goal of complete responsible government in any province or provinces. This Commission should be authoritative, deriving its authority from Parliament itself; and the names of the commissioners should be submitted by the Secretary of State to both Houses for approval. The functions of the Commission will, indeed, be of the utmost importance: it will represent a revival of the process by which the affairs of India were subjected to periodical examination by investigating bodies appointed with the approval of Parliament. It is proposed that the further course of constitutional development in the country shall be investigated at intervals of twelve years.

The Commission should also consider the progress made in admitting Indians to the higher ranks of the Public Service: the adjustment of

the financial burden between the provinces: the development of education: the working of local self-government: the constitution of electorates: the working of the franchise: and similar matters.

Development in the Provinces.

The proposal is that as the popular element of the government acquires strength and experience, subjects will be taken from the reserved list and placed upon the transferred list, until at length the reserved subjects disappear and the goal of complete responsibility is attained. It is suggested that after five years from the first meeting of the new Councils, the Government of India should hear applications from the provincial Governments or the provincial council for the modification of the reserved and transferred lists of the province: and that after hearing the evidence they should recommend to the Secretary of State such changes as may seem desirable.

It is desirable also to complete the responsibility of Ministers for the transferred subjects. It should be open for the Government of India when hearing such applications, to direct that the Ministers' salaries, instead of being secured to them for their period of office should be specifically voted year by year by the legislative council; and it should be open to the legislative council to demand a resolution that Ministers' salaries should be so voted. This would result in the Ministers becoming Ministers in the Parliamentary sense, dependent upon a majority in the legislature.

C.—Government of India.

General.

The general idea of the proposals is to create an enlarged legislative assembly with an elected majority: to reserve to the decision of a new Council of State, in which Government will have a bare majority, only those measures which it must retain power to carry in discharge of its continued responsibility for the good government of the land: to restrict the official *bloc* to the smallest dimensions compatible with the same principle: to institute a Privy Council: and to admit a second Indian Member into the innermost counsels of the Indian Government.

Responsibility.

Pending the development of responsible government in the provinces, the Government of India must remain responsible only to Parliament, and saving that responsibility, must retain indisputable power in matters which it judges to be essential to the fulfilment of its obligations for the maintenance of peace, order and good government.

The Executive Council.

(a) *General.*

It is recommended that the existing statutory restrictions in respect of the appointment of members should be abolished to give greater elasticity in the size of the government and the distribution of work.

(b) *Increase in the Indian element.*

It is recommended that another Indian member be appointed as soon as may be.

The Legislature.

(a) *General.*

It is proposed that the strength of the Legislative Council to be known henceforth as the Legislative Assembly of India, should be raised to a total strength of about 100 members. Two-thirds of this total should be returned by election; one-third to be nominated by the Governor General and of this third not less than a third again should be non-officials representing minorities or special interests, such as European and Indian commerce, and the large landlords. The normal duration of an Assembly to be three years.

(b) *Electorates and constituencies.*

Electorates and constituencies for the Indian Legislative Assembly should be determined by the same Committee entrusted with the investigation of electorates and constituencies for the provincial Councils.

(c) *Nomination of non-official members.*

The power of nomination of non-official members is to be regarded as a reserve in the hands of the Governor General enabling him to adjust inequalities and supplement defects in representation. Nominations should not be made until the results of the elections are known and should be made after informal consultation with the Heads of Provinces.

(d) *Nomination of official members.*

The maximum number of nominated officials will be two-ninths, and it will rest with the Governor General to determine whether he requires to appoint up to the maximum. Official members of the Assembly other than members of the Executive Government, should be allowed a free right of speech and vote except when Government decides their support is necessary.

(e) *Special appointments.*

Members of the Assembly, not necessarily elected or non-official, may be appointed to positions analogous to those of Parliamentary Under

Secretaries in England. The President of the Legislative Assembly should be nominated by the Governor General.

Affirmative Power of Legislation.

(a) *The Council of State.*

During the transitional period, the capacity of the Government of India to obtain its will in essential matters necessary for the good government of the land is to be secured by the creation of a second chamber known as the Council of State, which shall take its part in ordinary legislative business and shall be the final legislative authority in matters which the Government regards as essential. The object is to make assent by both bodies the normal condition of legislation: but to establish the principle that in the case of legislation certified by the Governor-General as essential to the interests of peace, order and good government, the will of the Council of State should prevail.

(b) *Composition of the Council of State.*

The Council of State is to be composed of 50 members exclusive of the Governor General who would be President. Not more than 25 members including the members of the Executive Council would be officials and four would be non-officials nominated by the Governor General. There would be 21 elected members returned by non-official members of the provincial legislative councils, each council returning two members with the exception of Burma, the Central Provinces and Assam which would return one member each. The remaining 6 elected members are to supplement the representation of the Muhammadans and the landed classes and to provide for the representation of the Chambers of Commerce. The Council of State is to possess senatorial character and the qualifications of candidates for election should be so framed as to secure men of the status and position worthy of the dignity of a revising chamber. Five years would be the normal duration of a Council of State.

Legislative Procedure.

(a) *Government Bills.*

Ordinarily a Government Bill would be introduced into the Legislative Assembly and after being carried through the usual stages there would go to the Council of State. If there amended in a way which the Assembly is not willing to accept it would be referred to a joint session of both houses by whose decision its fate would be decided. But if the amendments introduced by the Council of State were in the view of Government essential to the purpose for which the Bill was originally introduced, the Governor General in Council would certify them to be essential to the interest of peace, order or good government. The Assembly

would then have no power to reject or modify the amendments nor would they be open to revision by a joint session.

(*b*) *Private members' Bills.*

A private Member's Bill would be introduced into whichever of the two houses the mover sat, and after passing through the usual stages would be taken to the other chamber, and carried through that. In the case of a difference of opinion, the Bill would be submitted to a joint session, by which its final fate would be determined. But if the Governor General in Council were prepared to give a certificate in the terms already stated that the form of the Bill was prejudicial to peace, order, and good government, the Bill would go, or go back, to the Council of State, and only become law in the form there finally given to it.

(*c*) *General Principles of legislative procedure.*

The general principles of the legislative procedure proposed are that, in the case of all save certificated legislation, the will of the non-official members of both chambers taken together should prevail, while in the case of certificated legislation, the Council of State should be the final authority.

(*d*) *Power of Dissolution and of Assent, Disallowance, etc.*

The Governor General should have power at any time to dissolve the Legislative Assembly, the Council of State or both bodies. The Governor General and the Secretary of State naturally retain their existing powers of assent, reservation and disallowance to all Acts of the Indian legislature.

(*e*) *Fiscal legislation.*

Fiscal legislation will be subject to the procedure recommended in respect of Government Bills. The budget will be introduced into the Assembly, but the Assembly will not vote it. Resolutions upon budget matters and upon all other questions whether moved in the Assembly or in the Council of State will continue to be advisory in character.

(*f*) *Standing Committees.*

Standing Committees, drawn jointly from the Assembly and from the Council of State, should play, so far as possible under the circumstances, a similar part to that suggested in the case of the Standing Committees in the provincial legislatures.

(*g*) *Questions.*

Any member of either House might be entitled to ask supplementary questions. The Governor General should not disallow a question

on the ground that it cannot be answered consistently with the public interest, but power is still to be retained to disallow a question on the ground that the putting of it is inconsistent with the public interest.

The Privy Council.

His Majesty may be asked to be pleased to approve the institution of a Privy Council in India. Appointments to be made by His Majesty for life; and such appointments to be confined to those, whether officials or non-officials, from British India and from the Native States, who had won real distinction, or occupied the higher offices. The Privy Council's office would be to advise the Governor General when he saw fit to consult it, on matters of policy and administration.

Future Progress.

Equally with the Provincial Machinery the Central Machinery will be subjected to periodical revision by the Commission approved by Parliament.

D.—The India Office.

General.

Since His Majesty's Government have declared their policy of developing responsible institutions in India, Parliament must be asked to set certain bounds to its own responsibility for the internal administration of the country.

(*a*) *In transferred matters.*

It should be laid down broadly that in respect of all matters in which responsibility is entrusted to representative bodies in India, Parliament must be prepared to forego the exercise of its own powers of control, and this process must continue as responsibility in the provinces, and eventually in the Government of India itself, gradually developes. Parliament cannot retain the control of matters which it has deliberately delegated to representative bodies in India.

(*b*) *In reserved matters.*

While in reserved subjects there cannot be any abandonment by Parliament of ultimate powers of control, there should be such delegation of financial and administrative authority as will leave the Government of India free, and enable it to leave the provincial Governments free, to work with the expedition that is desirable. A wider discretion should be left to the Governor General in Council: and certain matters now referred home for sanction might in future merely be referred to the Secretary of State for information. It is hoped that Parliament will authorise the Secretary of State to divest himself of the control over the Government of India in certain matters, even though these continue to be the concern of official governments.

Organization of the India Office.

A Committee should be appointed forthwith to reconsider the organization of the India Office, with a view to providing for the material alteration of functions involved by these proposals, and for the more rapid discharge of its business.

Secretary of State.

The Secretary of State's salary should be defrayed from home revenues and voted annually. This would enable any live questions of Indian administration to be discussed by the House of Commons in Committee of Supply.

Select Committee.

In order to provide for informed criticism and discussion of questions connected with India, it is proposed that the House of Commons should be asked to appoint a Select Committee on Indian affairs. It would inform itself upon Indian questions, and report to the House before the annual debate on the Indian estimates. By means of interrogations of the Secretary of State and requisitions for papers the members of the Committee would keep themselves informed on Indian affairs and to them Indian Bills might be referred upon second reading.

E.—The Indian States.

General.

In view of the fact that the contemplated constitutional changes in British India may react in an important manner on the Indian States it is necessary to assure the Princes, in the fullest and freest manner, that no constitutional changes which may take place will impair the rights, dignities and privileges secured to them by treaties, sanads and engagements, or by established practice. Further all important States should be placed in direct communication with the Central Government as an aid to good understanding and the speedy conduct of business.

The Council of Princes.

(*a*) *Functions, etc.*

It is recommended that a Council of Princes be called into existence as a permanent consultative body, ordinarily meeting once a year to discuss agenda approved by the Viceroy, who should be President. The opinion of such a body would be of the utmost value upon questions affecting the States generally or British India and the States in common.

(b) Standing Committee of the Council.

The Council of Princes should be invited annually to appoint a small Standing Committee to which the Viceroy or the Political Department might refer matters of custom and usage affecting the States.

COMMISSIONS OF ENQUIRY.

Should dispute arise between two or more States, or between a State and Government, the Viceroy might appoint a Commission of enquiry to report upon the matter in dispute. Such a Commission might be composed of a judicial officer of rank not less than a High Court Judge, and one nominee of each of the parties concerned.

In the case of misconduct, matters might be referred by the Viceroy to a Commission appointed to advise him. Such a Commission should ordinarily consist of five members, including a High Court Judge, and two Ruling Princes.

JOINT DELIBERATIONS.

With the establishment of a Council of Princes, of a Council of State, and of a Privy Council, the machinery will exist for bringing the senatorial institutions of British India more closely into touch with Rulers of the Indian States. The Viceroy, when he thought fit, might arrange for joint deliberation and discussion between the Council of State and the Council of Princes, and might invite members of the Council of Princes to serve on Committees of the Privy Council.

F.—THE PUBLIC SERVICES.

General.

The policy of the increasing association of Indians in every branch of the administration was placed in the forefront of the announcement of August 20. The characteristics which have enabled the services to confer benefits upon India in the past, must be adequately maintained in the future; and the solution lies in recruiting year by year such a number of Indians as the existing members of the services will be able to train in an adequate manner and inspire with the spirit of the whole.

Appointments are to be made to all branches of the public service without racial distinction.

For all public services, for which there is a system of recruitment in England open to Indians and Europeans alike, there must be a system of appointment in India.

THE CIVIL SERVICE.

It is suggested that thirty-three per cent. of the superior posts should be recruited for in India, and that this percentage should be

increased by one and a half per cent. annually, until the periodic commission is appointed which will re-examine the whole subject. A re-adjustment of the rates of pay and pension is recommended.

Other Services.

There should be a fixed percentage increasing annually of recruitment in India. This percentage will not be uniform for all services as the particular figures must depend upon their distinctive characterstics and functions. As in the case of the Civil Service, a re-adjustment of the rates of pay and pension is recommended.

The Army.

The granting of a considerable number of King's Commissions to Indians is recommended. Race should no more constitute a bar to promotions in the Army than it does in the Civil Service.

G.—Industries and Tariffs.

The proposals lay stress upon the necessity for Government action in developing the resources of the country, and for the recognition by Government of the necessity for a forward industrial policy. The extent and form of State assistance will doubtless be determined by the reformed Governments of the future, having the advice of the Industrial Commission before them, and with due reference to Imperial interests.

H.—Concluding Note.

The general principle kept in mind in framing these proposals has been the progressive realisation of responsible government. The arrangements contemplated by these proposals are admittedly transitional. They are to be open to revision. The proposals themselves are tentative. They are now open to discussion.

APPENDIX III.

The Indian Industrial Commission.

ITS REPORT SUMMARISED.

The Report of the Industrial Commission, which has been sitting for the last two years under the Chairmanship of Sir Thomas Holland, K.C.S.I., has been issued. Before summarising the Report it is important to note that the constructive proposals depend on the acceptance of two principles: —(1) that in future Government must play an active part in the industrial development of the country, with the aim of making India more self-contained in respect of men and material, and (2) that it is impossible for Government to undertake that part, unless provided with adequate administrative equipment and forearmed with reliable scientific and technical advice.

With these principles in mind, it will be convenient first to glance at the administrative machinery which the Commission proposes and then to examine the work which it is intended to do. The administrative proposals include the creation of Imperial and Provincial departments of Industries and of an Imperial Industrial Service. The Imperial department would be in charge of a member of the Viceroy's Executive Council, assisted by a Board of three members entitled the Indian Industries Board, and be responsible for the industrial policy of Government and the inauguration and carrying out of a uniform programme of industrial development throughout the country. The actual administrative work would be almost entirely decentralised and would devolve on Local Governments. The performance of these duties would necessitate the employment of a large staff of officers whose qualifications would primarily depend upon a knowledge of mechanical engineering; and the formation of an Imperial Industrial Service is suggested in order to safeguard Government against the dangers and difficulties of casual recruiting. This service would consist mainly of mechanical engineers and engineering technologists, the majority of whom would be employed under the Local Governments. The headquarters of the Department and of the Board should be with the Government of India.

The provincial departments would be administered by Directors of Industries, assisted by specialists and technical advisers who would usually be seconded from imperial services for work under the Local Government. A provincial Director would thus be able to develop the industries of his province with the help of competent engineers and scientists. He would

be advised by a provincial Board of Industries, composed mainly of non-officials; and he should hold the post of a Secretary to Government to secure expeditious and effective despatch of work.

It now remains to consider the work which this organisation is to carry out and the conditions of India which render essential a policy of active intervention on the part of Government in the industrial affairs of the country. The first chapters of the Report deal with India as an industrial country, her present position and her potentialities. They show how little the march of modern industry has affected the great bulk of the Indian population, which remains engrossed in agriculture, winning a bare subsistence from the soil by antiquated methods of cultivation. Such changes as have been wrought in rural areas are the effects of economic rather than of industrial evolution. In certain centres the progress of western industrial methods is discernible; and a number of these are described in order to present a picture of the conditions under which industries are carried on, attention being drawn to the shortage and to the general inefficiency of Indian labour and to the lack of an indigenous supervising agency. Proposals are made for the better exploitation of the forests and fisheries. In discussing the industrial deficiencies of India, the Report shows how unequal the development of our industrial system has been. Money has been invested in commerce rather than industries, and only those industries have been taken up which appeared to offer safe and easy profits. Previous to the war, too ready reliance was placed on imports from overseas, and this habit was fostered by the Government practice of purchasing stores in England. India produces nearly all the raw materials necessary for the requirements of a modern community; but is unable to manufacture many of the articles and materials essential alike in times of peace and war. For instance, her great textile industries are dependent upon supplies of imported machinery and would have to shut down if command of the seas were lost. It is vital, therefore, for Government to ensure the establishment in India of those industries whose absence exposes us to grave danger in event of war. The Report advocates the introduction of modern methods of agriculture, and in particular of labour-saving machinery. Greater efficiency in cultivation and in preparing produce for the market would follow, labour now wastefully employed would be set free for industries, and the establishment of shops for the manufacture and repair of machinery would lead to the growth of a huge engineering industry. After examining the resources for generating power, the Report says the coal of India is generally of a poor quality and the radius within which it can be economically used is accordingly limited. Moreover, the extension of metallurgical industries already started involves a severe attack on our visible supplies of coking coal. The Commission recommends a special survey of the coal position in India. The oil fields of Burma are being rapidly drained and no others of equal value have been proved. Wind power is too intermittent for industrial use. Attention should be directed to more

economical methods of using wood fuel, and new materials for industrial alcohol should be investigated. The harnessing of water power appears, however, to afford a more reliable source of energy, especially with a view to the development of thermo-electric industries; and Government is urgently enjoined to undertake a hydrographic survey in order to determine the places which offer possibilities for the establishment of hydro-electric installations.

The next chapters deal with "The Indian in Industries." They discuss measures designed to improve the efficiency of the Indian artisan and to encourage the educated Indian to take part in industrial enterprise. It is shown that the relative lowness of wages paid to Indian labour is counter-balanced by the comparative inefficiency of the individual Indian workman. The Commission assigns three causes for this inefficiency, *viz.*, the absence of education, the prevailing low standard of comfort and the effects of preventible disease. The Commission expresses itself in favour of universal primary education, but considers that it would be unfair and unjust to impose upon employers this duty, which devolves rather upon the State and local authorities. But education of a technical kind is also required, and the method of instruction to be followed will vary for workers in organised and for workers in cottage industries, the latter of whom, it may be remarked, considerably exceed the former in numbers. For cottage industries the Commission proposes an efficient system of education in industrial schools administered by head masters with practical knowledge of the industries taught, and controlled by the Departments of Industries. The extension of marketing facilities must go hand in hand with the teaching of improved processes. In the case of organised industries mechanical engineering is taken as a typical instance, and the proposals include the establishment of a system of organised apprenticeship for a period of four or five years, with practical training in the workshops and theoretical instruction in attached teaching institutions.

The Commission places better housing in the forefront of its recommendations to raise the standard of comfort of the Indian artisan. Subject to certain safeguards, Government should use its powers under the Land Acquisition Act to acquire sites for industrial dwellings, and land so acquired should be leased to employers on easy terms. Special remedies are proposed in the case of Bombay, where the problems of congestion are unique. General measures of welfare work among factory employés are also suggested, and special attention should be paid to the improvement of public health. The elimination of such diseases as hookworm, and malaria, which are prevalent almost everywhere in India, would add enormously to the productive capacity of the Indian labourer.

The general aversion from industrial pursuits of the educated Indian is ascribed to hereditary predisposition accentuated by an unpractical system of education. A complete revolution in the existing methods of

training is proposed. For manipulative industries, such as mechanical engineering, an apprenticeship system similar to that suggested for artisans should be adopted. The youth who aspires to become a foreman or an engineer, must learn to take off his coat at the start and should serve a term of apprenticeship in the workshops, supplemented by courses of theoretical instruction. At the conclusion of this period of training he may be allowed to specialise in particular subjects. For non-manipulative or operative industries, on the other hand, the teaching institution should be the main training ground, though practical experience is also necessary. Special proposals are made for commercial and mining education; and the future establishment of two imperial colleges is adumbrated, one for the highest grade of engineering and the other for metallurgy. To ensure the maintenance of close relations between the training insititutions and the world of industry, the general control of technical education should be transferred to the Department of Industries.

The remaining chapters of the Report deal more specifically with Government intervention in industries. Government clung long to the tradition of *laissez faire* in industrial matters; but when in recent years it attempted to play a more active part in industrial development, its efforts were rendered futile by the absence of scientific and technical advice to assist it in estimating the value of industrial propositions and by the lack of any suitable agency to carry out approved proposals. To remedy the first of these defects, a reorganization of the existing scientific services is advocated, in such a way as to unite in imperial services, classified according to science subjects, all the scattered workers now engaged in the provinces on isolated tasks. Rules are suggested to govern the relations between the members of these services and private industrialists seeking advice. The situation of research institutes and the conditions and terms of employment of these services are questions for the decision of which the Commission considers that the appointment of a special committee is necessary.

The administrative machinery with which Government must be equipped and some of the functions which that machinery will enable it to perform have already been described; but there are many other directions in which the development of industries can be stimulated. Useful and up-to-date information on commercial and industrial matters is essential both for Government and for private merchants and industrialists. A scheme is propounded for collecting such information and for making it available to the public through officers of the Department of Industries. The purchase of Government stores in the past has been conducted in such a way as to handicap Indian manufacturers in competing for orders and to retard industrial development in India. The Commission proposes that the Department of Industries should be in charge of this work and that orders should not be placed with the Stores Department of the India Office until the manufacturing capabilities of India have first been

exhausted. A chapter is concerned with the law of land acquisition and enunciates principles in accordance with which Government might compulsorily acquire sites for industrial undertakings; in another, the various methods by which Government might render direct technical aid to industries are explained. The Commission considers that ordinarily Government itself should undertake manufacturing operations only for the production of lethal munitions. The administration of the Boiler Acts, the Mining Rules and the Electricity Act, the employment of jail labour, the prevention of adulteration, patents and the registration of business names, of trade marks and of partnerships, are matters which are specifically dealt with. In the opinion of the Commission the compulsory registration of partnerships is practicable, and the question should be examined by Government with a view to legislation.

Industrial co-operation is discussed with reference to small and cottage industries; and the vexed question of the effects of railway rates on industries is considered. The Commission thinks that reduced rates to and from ports have been prejudicial to industrial development and that the position requires careful examination with a view to the removal of existing anomalies. In particular it should be possible to increase the rates on raw produce for export and on imports other than machinery and stores for industrial use. The addition of a commercial member to the Railway Board and the better representation of commercial and industrial interests at the Railway Conference would help to secure a more equable system of rating. The improvement of waterways and the formation of a Waterways Trust at Calcutta are also proposed.

The Commission lays emphasis on the disorganisation of Indian capital and its shyness in coming forward for industrial development. There is no lack of money in the country, yet the industrialist cannot obtain the use of it except on terms so exorbitant as to devour a large part of his profits. There is a crying necessity for the extension of banking facilities in the mofussil. The Commission is disposed to favour the establishment of an industrial bank or banks; but it considers that the appointment of an expert committee is necessary to deal with this subject and asks Government to take action at an early date. As an 'interim' measure, a scheme is propounded for the provision of current finance to middle-class industrialists, by which the banks would open cash credits in favour of applicants approved by the Department of Industries on the guarantee of Government. Various other methods of financial assistance by Government are suggested, in particular the provision of plant for small and cottage industries on the hire-purchase system.

To sum up, the Commission finds that India is a country rich in raw materials and in industrial possibilities, but poor in manufacturing accomplishment. The deficiencies in her industrial system are such as to render her liable to foreign penetration in time of peace and to serious dangers in time of war. Her labour is inefficient, but for this reason capable of

vast improvement. She relies almost entirely on foreign sources for foremen and supervisors; and her *intelligentsia* have yet to develope a right tradition of industrialism. Her stores of money lie inert and idle. The necessity of securing the economic safety of the country and the inability of the people to secure it without the co-operation and stimulation of Government impose, therefore, on Government a policy of energetic intervention in industrial affairs; and to discharge the multifarious activities which this policy demands, Government must be provided with a suitable industrial equipment in the form of imperial and provincial departments of Industries.

The recurring cost of the proposals is estimated at £570,000; they involve a capital expenditure of £1 million, mainly on educational institutions, and a further capital outlay of £444,000 is anticipated for future developments. The Commission considers that this expenditure may be worked up to at the end of a period of 7 years.

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